

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In re EROS INTERNATIONAL SECURITIES
LITIGATION

This Document Relates To: ALL ACTIONS

)
) Master File No. 15 Civ. 8956 (AJN)
)
) **AMENDED CONSOLIDATED**
) **CLASS ACTION COMPLAINT**
) **FOR VIOLATIONS OF THE**
) **FEDERAL SECURITIES LAWS**
)
) Jury Trial Demanded
)

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Court-appointed Lead Plaintiffs Fred Eisner (“Eisner”) and Strahinja Ivošević (“Ivošević,” and together with Eisner, “Lead Plaintiffs”), individually and on behalf of a class of similarly situated persons and entities (collectively, “Plaintiffs”), by and through their undersigned counsel, for their Amended Consolidated Class Action Complaint for Violations of the Federal Securities Laws asserting claims against Eros International Plc (“Eros” or the “Company”) and the Individual Defendants named below, allege the following upon information and belief, except as to those allegations concerning Lead Plaintiffs, which are alleged upon personal knowledge.

Lead Plaintiffs’ information and belief concerning matters other than themselves and their own acts is based upon the investigation of their counsel, which included review and analysis of regulatory reports filed by Eros with the United States Securities and Exchange Commission (“SEC”) and the Bombay Stock Exchange and National Stock Exchange of India; press releases and other public statements issued by Eros and the Individual Defendants; securities analysts’ reports about Eros; media and news reports related to Eros; third-party industry data related to the Company’s Eros Now streaming media service; public data and other information concerning Eros securities; other publicly available information concerning the Company and the Individual Defendants; interviews of former Eros employees and other knowledgeable persons who have come forward on a confidential basis; and discussions with consulting experts. Lead Plaintiffs believe that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

I. NATURE OF THE ACTION

1. Lead Plaintiffs bring this securities class action on behalf of themselves and all persons or entities that, between November 12, 2013 and November 12, 2015, inclusive (the

“Class Period”), purchased or otherwise acquired the publicly traded common stock of Eros and were damaged thereby (the “Class”).

2. Eros is an Indian film entertainment, or “Bollywood,” company that produces, acquires, and distributes Indian-language films in theatrical, television, and digital formats worldwide. The Company’s operations cater to different genres, budgets, and Indian languages throughout the Indian subcontinent and the worldwide Indian diaspora.

3. What is now the Company’s main subsidiary, Eros International Media Ltd. (“EIM”), was founded in 1977 by Arjun Lulla and is based in Mumbai, India. In June 2006, after Arjun Lulla transferred control to his son Kishore Lulla, Eros was formed as a parent company of EIM and its affiliates. Since its inception, the Company has been run by and for the benefit of the Lulla family as a vehicle for the transfer of money to relatives and associates through extensive and systematic related-party transactions that generated personal wealth for them, but limited corporate profits.

4. By the early 2000s, the members of the Lulla family were looking for an opportunity to increase the economic benefits they derived from their relationships with the Company without having to create organic growth. They could do this by accessing the public capital markets, but only if they could convince investors that Eros had genuine opportunities to expand its business in the highly competitive and rapidly developing media market.

5. In August 2012, Eros launched Eros Now, a streaming media service whereby users and subscribers access films and other content on demand through mobile phones and other internet-enabled devices. Eros Now can be seen as a kind of “Netflix of Bollywood,” albeit on a far smaller and less successful scale. Company executives saw Eros Now as crucial to the success of Eros’s U.S. initial public offering (“IPO”), commenced in November 2013.

6. In fact, Eros Now was exactly the kind of cutting-edge media enterprise the Lulla family needed to persuade the markets of the Company's potential for growth. The Company marketed Eros Now to the investing public as a means to maximize the value of Eros's large and growing film library, and securities analysts and investors saw it as a crucial driver of revenues for the Company. Analysts considered Eros Now to be the Company's "most enticing growth opportunity" and a "compelling opportunit[y] for the stock" that had "the potential to be a real needle mover down the road."

7. Eros Now was initially offered as a free streaming media service. Eros's stated strategy was to build up a large user base for Eros Now that ultimately would be converted, or "monetized," into a pool of subscribers who would pay periodic fees on an ongoing basis.

8. After struggling to acquire and retain users in its first year, in June 2014, Eros doubled down on its expansion strategy by acquiring an Indian "value-added" mobile platform service called Techzone, which mainly sold low-cost ringtones for earlier-generation mobile phones. Eros obtained the right to market Eros Now to Techzone customers.

9. For this acquisition to be accretive to Eros Now, however, the Company had to persuade Techzone customers to choose to become users of Eros Now's movies-on-demand service, and ultimately to become "monetized" paying subscribers. Converting Techzone customers to users of Eros Now content and then subscribers in this manner was exceptionally challenging, because Techzone users wishing to make this transition would need a device with the ability to stream video content.

10. At that time, there were few avenues for users to stream content on Eros Now. Access to the internet via desktop and laptop computers ("PCs") in India was then, and still is, relatively uncommon. Accordingly, would-be users of Eros Now content would have to access

its film library on mobile devices. This could be done either using a downloadable mobile application (“app”) developed by the Company, or via wireless access to the internet.

11. In India, which made up the lion’s share of the Company’s market, mobile phone technology and available data networks were several years behind the United States. Most mobile phones in common use in India during the Class Period were unable to download apps or access full-data internet websites. Rather, they could only access stripped-down websites via Wireless Access Protocol, or “WAP,” a technology developed to permit early mobile phones to have limited access to a low-data version of the internet. Indeed, Defendants have acknowledged in this action that the “overwhelming majority” of Eros Now’s registered users utilized WAP to access the service through a mobile browser.

12. Because of its technical limitations, however, WAP could not support a streaming movies-on-demand service. On WAP, movies could only be shown in small images with poor resolution and frequent, lengthy interruptions for buffering. Downloading a feature-length film would take days. Accordingly, the only practical way that would-be “registered users” of Eros Now could actually view content was via the full Eros Now website accessible on smartphones.

13. Investors were led to believe that the Company’s move to convert Techzone customers to “users” of Eros Now’s streaming content was successful. On February 17, 2015, Eros announced that Eros Now’s “registered users” had jumped from 2.9 million to **14 million**, mostly as a result of new “registered users” obtained from Techzone the prior fiscal quarter. The next quarter, on June 10, 2015, Eros announced a further significant increase in Eros Now “registered users” to **19 million**, and that Eros Now would be embarking on its first major marketing push in July, to coincide with the release of its first original series. Eros Now also planned to re-introduce its “premium” service in July in a renewed attempt to attract paying

subscribers. The next fiscal quarter, on October 13, 2015, Eros Now reported an astonishing **30 million** “registered users” as of September 30, 2015. Yet, as Defendants knew at the time, the vast majority of these “registered users” were in fact unable to access Eros Now’s content in any meaningful way owing to the limits of broadband internet penetration in India and the technological limitations of WAP browsers.

14. Investor enthusiasm for the Eros Now business was further fanned in this period by the Company’s claims regarding the number of films it had in its portfolio, a key asset for attracting and keeping new users and generating subscription revenues. In its fiscal year 2015 financial statements, filed in June 2015, the Company touted a 3,000-film library, and represented that Eros released a robust 65 new films during that fiscal year. Throughout the Class Period, the Company continued to report a steady stream of new productions that it could add to its film library.

15. The soaring Eros Now “registered user” numbers and strong film portfolio touted by the Company made the markets highly bullish regarding its prospects. Jefferies, for example, stated in an August 13, 2015 report that Eros Now “grew its subscriber base” at a rate that “implied a pace which should allow the company to exceed prior guidance for ~40M by the end of F16, and puts the platform on track to meet our mid 40Ms target. Next Step: Monetization.” Wells Fargo stated in an August 19, 2015 report that “Eros Now is looking better and better. . . . Overall, the new pricing, along with originals, films, & music looks like a compelling value to drive monthly paying subs[cribers] going forward.”

16. The Company’s statements, and the positive reactions they produced from analysts, drove the stock to all-time highs in July and August 2015, including a Class Period high close of \$37.60 on August 19, 2015.

17. Unbeknownst to investors, Defendants' statements during the Class Period regarding Eros Now "registered users," and their statements portraying Eros Now as a driver of Company growth, were materially false and misleading.

18. According to a former Eros consultant who was brought on to work with Company executives in developing and launching the Eros Now platform, very few Techzone customers ever upgraded to become Eros Now users in any way that could be meaningful to the markets. Eros, in effect, was padding the reported Eros Now user base with Techzone customers whom Defendants had no reasonable basis to believe were or would ever become users of Eros Now's streaming media. This is because their mobile devices were unable to download apps and their Eros Now access was limited to WAP, which could not practically accommodate Eros Now's streaming content. The Company's top executives knew that Eros's reported numbers were misleading, because periodic internal reports tracking Eros Now's user numbers and other key metrics were routinely circulated to the Individual Defendants and others inside Eros.

19. Third-party industry data that reliably tracks app downloads and website traffic shows that the Company's "registered users" were in fact not "using" Eros Now in any meaningful sense of the word. As of September 30, 2015, for example, when Eros Now claimed to have 30 million "registered users," relatively few people had even downloaded the Eros Now app, and Defendants have acknowledged in this action that the "vast majority of Eros Now users did not access film content through the mobile app." Further, in September 2015, the average duration of visits to Eros Now's mobile and PC websites was approximately 3 minutes. More telling, 42% of these visits to the websites were "bounces," meaning that the visitor viewed the Eros Now homepage and then left the site. Plainly, these visitors as a whole could not have been viewing movies or otherwise "using" the Eros Now streaming video service.

20. The Company's deception extended to its repeated claims regarding the film library that would attract new viewers to Eros Now. Eros materially overstated the number of films in production and in its library, including films for which Lulla family members and associates had pocketed fees, but had never actually been made—as well as films to which Eros had no distribution rights.

21. The turning point for Eros was the Company's October 13, 2015 "Investor Day" conference with investors and analysts, the first the Company had held since it went public nearly two years earlier.

22. As described by Wells Fargo in an October 14, 2015 report, "investor focus going into the event was squarely on ErosNow." Senior management acknowledged at the outset that investors were reasonable in "expecting granular information" concerning the number and location of Eros Now users, how many were paying subscribers and how many were not, and whether users stayed with the Eros Now service or churned out of it after signing up for free service. Although Defendants possessed this information, they withheld it from the market, claiming that Eros was "just not there yet" in terms of providing data that would support the Company's claims of a rapidly expanding user base.

23. Noting their "disappointment on the lack of data for ErosNow," Wells Fargo and other analysts began to seriously question Defendants' representations concerning the user base that, Eros claimed, had skyrocketed from 2.9 million to 30 million in less than a year.

24. In response, Eros set up an emergency conference call with friendly "sell-side" analysts only. This call, which took place on October 23, 2015, only exacerbated the market's concerns, however. Wells Fargo promptly issued a report that day titled "Stepping To The Sidelines—Downgrading To Market Perform." The report stated that although the Wells Fargo

team have been “big supporters of EROS” since initiating coverage, they came away “feeling a bit confused.” Wells Fargo emphasized that they were “*still feeling uncertain about the Eros Now user count*”¹ because they could not “*reconcile the disparity*” between the Company’s user numbers and App Annie data that ranked Eros Now below other Indian streaming services that had smaller user bases. Wells Fargo termed this unexplained disparity a “*red flag for investors.*” Eros common stock fell nearly 17% on this news.

25. Wells Fargo’s October 13 report spurred other investors to look into the Company. On October 30, 2015, the prominent investment website *Seeking Alpha* posted an article titled “Unlike The Name, Investors Should Not Love EROS,” that expanded on many of the issues identified in the Wells Fargo report. The article asserted, among other things, that Eros overstated the number of users of Eros Now, provided false information about Eros Now and its user base, and had overstated the number of films in its library. Eros shares fell more than 13%.

26. On November 2, 2015, Eros issued an extraordinary press release attempting to reassure investors and explain the Eros Now user count and other matters. The Company claimed that none of the Company’s related-party transactions had “improperly enriched the founder’s family personally,” and that “[t]he Company’s online entertainment platform Eros Now is an attractive consumer proposition” that already boasted 30 million registered users worldwide.

27. The markets were not reassured. On November 10, 2015, a further report was posted on *Seeking Alpha*, expanding on the problems identified in the Wells Fargo analyst report and titled “Eros: Return Of The Short Seller (2015).” The report partially revealed the truth

¹ Throughout this Complaint, emphases in quotations are added unless otherwise noted.

regarding Eros's representations about the size of its film library, stating that Eros "has overstated its theatrical revenue by 82% and 104% during fiscal years 2014 and 2015, respectively" and "overstated the number of movies it has distributed by 124% and 200% during fiscal years 2014 and 2015, respectively." The report also presented information showing that Eros had inflated Eros Now's user base. On this news, the Company's share price fell more than 33% over two trading days.

28. Finally, on November 13, 2015, a third report was posted on *Seeking Alpha* titled "Eros: Is The Game Finally Over? We Think So." The report noted that the Company "provided a list of distributed films that had fewer films on it than they have previously publicly disclosed; 34 films, or 26% of the films in management's list, were theatrically released prior to the fiscal year indicated. One additional film has yet to be released." The conclusions of this report, which Lead Counsel have verified in the course of investigating Lead Plaintiffs' claims, show that Eros released **34** films, not 65, during fiscal year 2015.

29. Eros common stock dropped a further 20% on this news. In sum, Eros stock lost more than 81% of its value between its Class Period high closing price on August 19, 2015 and its closing price on November 13, 2015.

30. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Lead Plaintiffs and other Class members have suffered significant losses and damages.

II. JURISDICTION AND VENUE

31. The claims asserted herein arise under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. §§ 78j(b) and 78t(a), and the rules and regulations promulgated thereunder by the SEC, including Rule 10b-5, 17 C.F.R. § 240.10b-5.

32. This Court has jurisdiction over the subject matter of this action pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa, and 28 U.S.C. § 1331.

33. Venue is proper in this District pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa, and 28 U.S.C. § 1391(b). One of the securities class action complaints that was consolidated into this action was filed in the U.S. District Court for the District of New Jersey and transferred to this District with Defendants' consent. The Company's common stock actively trades on the New York Stock Exchange ("NYSE"), which is located in this District.

34. In connection with the acts, transactions, and conduct alleged in this Complaint, Eros and the Individual Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to the mails, interstate telephone communications, and the facilities of the national securities markets.

III. PARTIES

35. Lead Plaintiffs Fred Eisner and Strahinja Ivošević purchased shares of Eros common stock during the Class Period, as set forth in the certifications previously filed with the Court, and suffered damages as a result of the federal securities law violations alleged herein. By Order dated April 5, 2016, the Court appointed Eisner and Ivošević as Lead Plaintiffs in this action.

36. Defendant Eros International Plc is an Isle of Man corporation with principal executive offices located at 550 County Avenue, Secaucus, New Jersey 07094. Eros was formed in June 2006 to serve as the parent corporation for a group of companies that originated with what is now Eros's indirect subsidiary, an Indian corporation known as Eros International Media Ltd., formed in 1977.

37. Eros describes itself in its most recent Form 20-F/A Annual Report, filed with the SEC on August 20, 2015, as "a leading global company in the Indian film entertainment

industry, which co-produces, acquires and distributes Indian language films in multiple formats worldwide.” At all relevant times, Eros’s common stock has traded under the ticker symbol “EROS” on the NYSE, an efficient market.

38. Defendant Kishore Lulla (“Lulla”) has been Chairman of the Board of Directors of Eros since June 2006. Lulla claims to have more than 30 years of experience in the media and film industry.

39. Defendant Jyoti Deshpande (“Deshpande”) has been Group Chief Executive Officer (“CEO”) and Managing Director of Eros. Deshpande claims to have more than 19 years of experience in the media and entertainment industry.

40. Defendant Andrew Heffernan (“Heffernan”) was Group Chief Financial Officer (“CFO”) of Eros from May 2006 until May 28, 2015. Heffernan had previously been an audit manager with Grant Thornton UK LLP from 1991-1996, mainly handling media clients. Grant Thornton is the independent auditor of Eros’s consolidated financial statements. From 1996-2001, Heffernan worked as a consultant for a number of film and television production clients. In 2001, Heffernan returned to Grant Thornton UK LLP to help build its media and entertainment practice in film, television and computer games, with responsibilities spanning corporate finance, consultancy and audit.

41. Defendant Prem Parameswaran (“Parameswaran”) has been the Company’s Group Chief Financial Officer and President for North America since May 28, 2015. Before joining Eros, Parameswaran spent more than 23 years in investment banking, advising clients in the global telecommunications, media, and technology sector. He was global head of investment banking for media and telecommunications at Jefferies Group before becoming CFO at Eros.

42. Defendants Lulla, Deshpande, Heffernan, and Parameswaran are referred to collectively herein as the “Individual Defendants.” Defendants Eros and the Individual Defendants are referred to together herein as “Defendants.”

43. Each of the Individual Defendants, by virtue of his or her high-level position with Eros, directly participated in the management of the Company, was directly involved in the day-to-day operations of the Company at the highest levels, and was privy to confidential proprietary information concerning the Company and its business, operations, growth, financial statements, and financial condition during her tenure with the Company, as alleged herein. As set forth below, the materially misstated information conveyed to the public was the result of the collective actions of these individuals. Each of these individuals, during his or her tenure with the Company, was involved in drafting, producing, reviewing, and/or disseminating the statements at issue in this case, approved or ratified these statements, or was aware but recklessly disregarded that these statements were being issued regarding the Company.

44. As executive officers of a publicly held company whose common stock was, and is, registered with the SEC pursuant to the Exchange Act, and whose common stock was, and is, traded on the NYSE, and governed by the federal securities laws, the Individual Defendants each had a duty to disseminate prompt, accurate, and truthful information with respect to the Company’s business, operations, financial statements, and internal controls, and to correct any previously issued statements that had become materially misleading or untrue, so that the market prices of the Company’s publicly traded securities would be based on accurate information. The Individual Defendants each violated these requirements and obligations during the Class Period.

45. The Individual Defendants, because of the positions of control and authority as executive officers of Eros, were able to and did control the content of the SEC filings, press

releases, and other public statements issued with copies of the statements at issue in this action before they were issued to the public and had the ability to prevent their issuance or cause them to be corrected. Accordingly, each of these individuals is responsible for the accuracy of the public statements detailed herein.

46. The Individual Defendants, because of their positions of control and authority as executive officers of Eros, had access to the adverse undisclosed information about Eros's business, operations, financial statements, and internal controls through access to internal corporate documents, conversations with other Eros officers and employees, attendance at Eros management meetings, and via reports and other information provided to them in connection therewith, and knew or recklessly disregarded that these adverse undisclosed facts rendered the positive representations made by or about Eros false and misleading.

47. The Individual Defendants are liable as participants in a fraudulent scheme or course of conduct that operated as a fraud or deceit on purchasers of Eros securities by disseminating materially false and misleading statements and/or concealing adverse facts. The scheme: (i) deceived the investing public regarding Eros's products, business, operations, and management, and the intrinsic value of Eros common stock; and (ii) caused Lead Plaintiffs and members of the Class to acquire Eros securities at artificially inflated prices.

IV. FACTUAL BACKGROUND AND SUBSTANTIVE ALLEGATIONS

A. Company Background

48. Eros is an Indian motion picture producer and distributor, active in "Bollywood" and participates in other markets in India as well. The Company co-produces, acquires and distributes Indian language films in multiple formats worldwide.

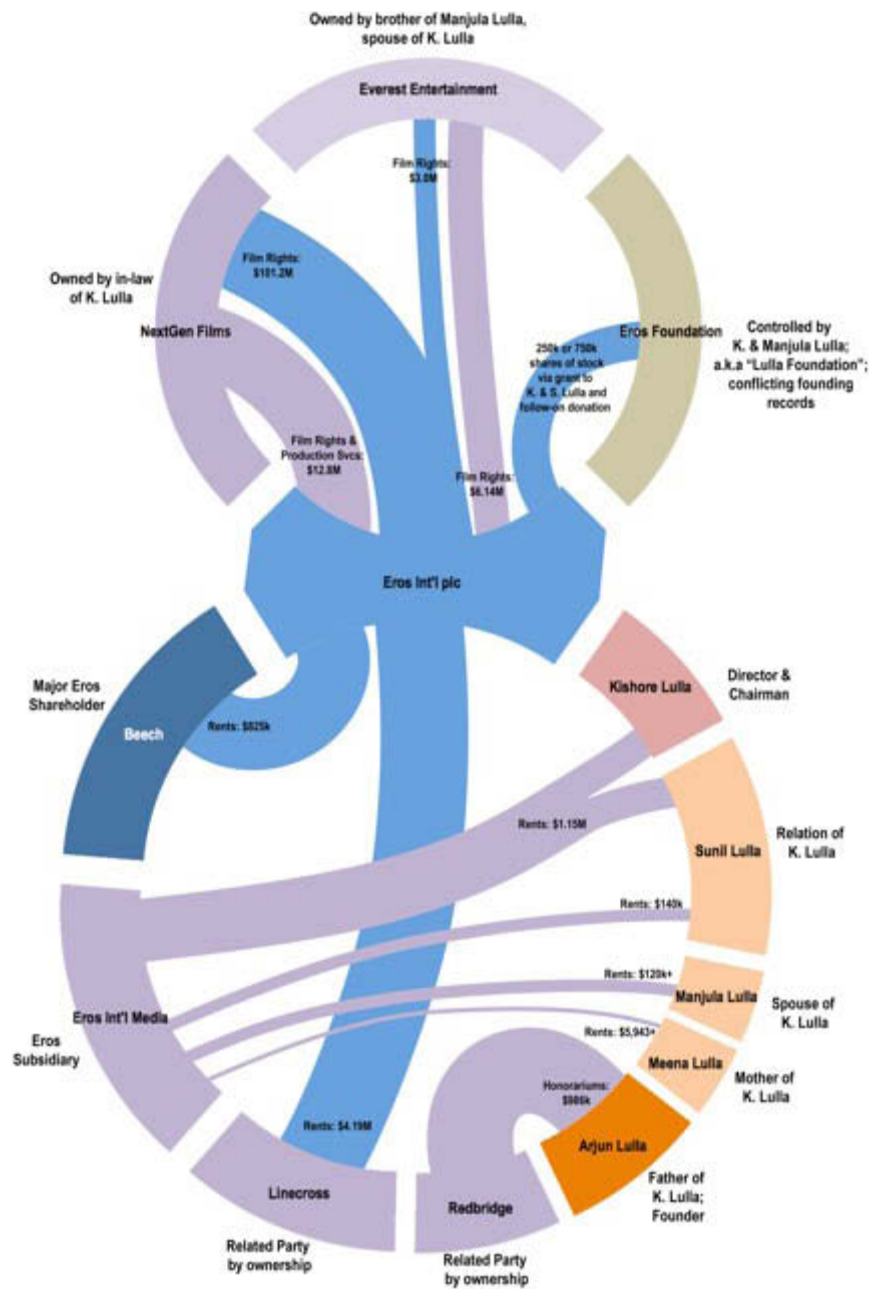
49. Eros's business originated as Eros International Media Ltd. ("EIM"), an Indian corporation started by Arjan Lulla in 1977. In June 2006, Eros was formed to act as the ultimate parent of an international group of related companies in the Indian film and entertainment business run by the Lulla family.

50. Eros is incorporated in the Isle of Man principally for tax purposes. Although Eros's principal executive offices for SEC registration purposes are in Secaucus, New Jersey, the New Jersey office is small, with approximately 12 employees, and has limited operations. The Company's headquarters and "nerve center" is in London, and senior management, including the Individual Defendants, worked in London during the Class Period.

51. Eros is now run by Arjan Lulla's son, Kishore Lulla, the Company's Chairman. Even though the Company is now publicly held, Kishore Lulla and the Lulla family continue to run Eros as though it were a private family business, employing family members (including two of Kishore Lulla's children) and channeling funds from the Company to a wide circle of Lulla family members and their associates.

**B. The Lulla Family's Extensive
Related-Party Transactions**

52. Before and throughout the Class Period, these family members enjoyed enormous financial benefits through related-party transactions with the Company, as reflected in the following graphic:



53. Thus, either Eros or its subsidiary EIM entered into leases with Lulla family members and associates pursuant to which it paid them a total of at least \$6,660,912 since at least 2009:

- EIM leased apartments from Kishore Lulla's wife, Manjula Lulla, from at least August 2010 to at least March 21, 2016, paying her rents totaling at least \$120,000.
- EIM leased a bungalow from Sunil Lulla from at least October 2009 to at least September 2015, paying rents totaling at least \$139,908.
- EIM leased two apartments from Kishore Lulla's mother, Meena Lulla, from at least September 2011 to at least May 31, 2012, paying her rents totaling at least \$5,943. EIM leased an apartment from Sunil Lulla for an undetermined amount.
- EIM has leased office space from Kishore Lulla and Sunil Lulla from at least January 2015 through the present, paying them rents totaling at least \$1,150,000.
- Eros has leased office space from 550 County Avenue Property Corp., which is owned by Beech Investments (a company owned by discretionary trusts that include Eros founder Arjan Lulla and Eros directors Kishore Lulla, Vijay Ahuja, and Sunil Lulla as beneficiaries – and was the original owner of more than 70% of the Eros's stock – and of which Eros President of U.S. operations Ken

Naz is a director), from at least April 1, 2010, to the present, paying it rents totaling at least \$825,000.

- Eros leased office space from Linecross Ltd. (owned indirectly by a trust of which Kishore Lulla and Sunil Lulla are the beneficiaries) from at least November 19, 2009 to at least the present, paying it rents totaling at least \$4,192,450; Eros in turn sublets these premises to its subsidiary Eros Energy UK Ltd., of which Kishore Lulla is director.

54. Eros entered into related-party agreements with Lulla family members or associated persons or entities, including the following:

- Eros entered into transactions with NextGen Films Pvt. Ltd. (“NextGen”), owned by the husband of Kishore Lulla’s sister, Puja Rajani. Eros purchased film rights from NextGen over the years from 2010 through the present, paying NextGen a total of at least \$101,197,886. Eros sold film rights and production services to NextGen over the years from 2010 through the present, receiving from NextGen a total of at least \$12,888,804 – a number dwarfed by the amount Eros paid NextGen over the same period.
- Eros entered into similar transactions with Everest Entertainment Pvt. Ltd. (“Everest”), owned by the brother of Kishore Lulla’s wife. From 2009 through the present, Eros paid Everest a total of at least \$3,002,280, and received from Everest a total of at least \$6,136,595.

- Redbridge Group Ltd. (indirectly owned by a discretionary trust of which Kishore Lulla is beneficiary) has an agreement with Eros which began June 27, 2006 under which Eros pays an annual fee set by the board to founder Arjan Lulla (Kishore Lulla's father) as honorary lifetime president and for his services such as board attendance, leadership, and strategy, under which Arjan Lulla has received at least \$986,000.
- Eros Foundation (controlled by Kishore Lulla and Manjula Lulla, either directly or through the "Lulla Foundation") was given 250,000 to 750,000 common A shares of Eros by Kishore Lulla and Sunil Lulla, who had been granted the shares by Eros for no consideration.

55. Confidential Witness ("CW") 2 is an Indian film producer with personal knowledge of the Company's business practices in the period immediately leading up to the Class Period, as a result of his work co-producing films with Eros, including at least one film released in 2011. According to CW2, Eros channels money to family members through dummy production deals. According to CW2, 30-40% of Eros's acquisition and production occurs through NextGen, owned by Kishore Lulla's brother-in-law Puja Rajami. Further, according to CW2, NextGen signs the co-production agreements with EIM, and Eros makes payments to EIM, which, in turn, makes payments to NextGen to produce the films. Thus, NextGen collects money on films but provides no added value, according to CW2. CW2 also avers that NextGen employees use Eros's offices and do little other than make a margin on the film. CW2 also avers that Lulla's wife also receives advances as a producer.

56. The Lulla family thus enjoyed enormous economic benefits by virtue of their ability to cause the Company to enter into business relationships with family members, but the same relationships dramatically limited the Company's ability to achieve organic profits and growth. For the Lulla family to extract more money from the Company, they had to find an external funding source to help the business expand. Accordingly, they decided to take the Company public.

57. CW1 was a paid consultant for Eros Digital, Eros's division that had responsibility for Eros Now and later Techzone, from July 2011 through May 2015. CW1 worked in the Company's London headquarters, and reported directly to Kishore Lulla. According to CW1, at least two investment banks, Morgan Stanley and Goldman Sachs, raised issues about the Company's extensive related-party transactions and resisted participating in an IPO unless that issue was resolved. Instead, accordingly to CW1, Eros used as lead underwriter Deutsche Bank, which was willing to act in that capacity. CW1 knows this through a conversation with the Executive Director of Morgan Stanley's Tech, Media and Telecom Division, who had previously worked at Goldman Sachs.

C. Eros Goes Public

58. On November 12, 2013, Eros's Form F-1 Registration Statement for the IPO, including a Prospectus, originally filed on March 30, 2013, was declared effective by the SEC.

59. On November 12, 2013, Eros offered 5,000,000 shares of common stock at \$12.00 per share, exclusive of the underwriters' exercise of their over-allotment option to purchase 750,000 additional shares. The IPO raised \$55 million for the Company before underwriting discounts and commissions, and offering expenses.

D. Eros Now's Streaming Movies-On-Demand Service

60. In conjunction with its effort to raise capital from the public markets, Defendants sought to entice investors with the development of a new streaming service called Eros Now. As the Registration Statement explained, “[i]n August 2012, we expanded our digital presence with the launch of our on-demand entertainment portal Eros Now, through which we leverage our film and music libraries by providing ad-supported and subscription-based streaming of film and music content via internet-enabled devices.” According to CW1, Kishore Lulla thought it would be helpful to the IPO to keep Eros Now as part of Eros, rather than, for example, spinning off the digital division beforehand.

61. Eros Now gives users access to content in the Company’s film library on an on-demand basis. The content available on Eros Now comprises old films and music that Eros or its subsidiaries have already made, new films and music that Eros or its subsidiaries are making, licensed materials and material acquired from other producers, and special content produced by Eros or its subsidiaries especially for Eros Now. Eros Now is operated by Defendant Eros.

62. As alleged in further detail below, Defendants fanned investor enthusiasm in Eros Now during the Class Period by touting its large number of “registered users.” While the Company did not define the term “registered user,” the term refers in the internet technology field to persons who not only register to access a website, but who also interact with the website to extract some benefit. The “user” element of “registered user” was critical information for securities analysts and other market participants, who were looking for evidence that the Company was building a base of customers who not only had registered to use Eros Now, but also who could actually *use* Eros Now by viewing film content, first for free and later for a fee.

63. Eros Now “registered users,” in theory, had three ways to access the service during the Class Period: (a) via the Eros Now mobile app; (b) via cell phones that accessed

limited internet content through a WAP browser; or (c) via newer-generation “smart” mobile devices that supported full internet access through a browser.

64. The Company offered a Eros Now mobile app that users could download for free onto his or her smartphone. The Eros Now app was intended to connect users to Eros Now directly rather than through the internet. Eros Now developed apps compatible with both of the predominant mobile operating systems, iOS and Android.

65. Another method that would-be users of Eros Now could utilize to access content was via WAP-based devices. The mobile phones predominantly in use in India during the Class Period did not support web browsers that could access full, information-rich Hypertext Markup Language (“HTML”) websites. Instead, they had browsers that utilized WAP, which allowed access to stripped-down, low-data websites designed for WAP usage.

66. Last, registered users could access Eros Now through the Eros Now website via HTML-enabled browsers like Internet Explorer or Safari on desktop or laptop computers (“PCs”) or later-generation smartphones.

E. Eros Now Was Viewed as the Key Driver of the Company’s Future Growth and Revenue

67. Analysts viewed Eros Now’s streaming movies-on-demand service as the major driver of Eros’s growth. In its October 31, 2014 report initiating coverage of Eros, Macquarie Capital emphasized that Eros Now provided Eros with its “most enticing growth opportunity,” noting that Eros’s pre-existing content library gave Eros Now a significant leg up on potential competition such as Netflix:

The sky’s the limit for Eros Now

The most enticing growth opportunity is the new Eros Now SVOD [streaming video-on-demand] service. Eros is in process of putting its entire film library, plus some Indian TV content, onto the platform. We estimate this could become a \$1B business over time

as Eros moves past the promotional stage and begins to actively charge subscription fees. In addition this service could take off among the 22m Indians around the world, where Eros Now is priced similarly to Netflix at \$7.99 (US) and £5 (UK). And in contrast with Netflix, SVOD content costs are nearly zero; Eros already owns most rights.

68. Macquarie went on to state:

Eros Now is potentially by far the most important driver, poised to become the Netflix of Bollywood. In fact, its earnings profile could be significantly better than Netflix's, as Eros has long-term exclusives on so much Bollywood content, the costs of which have already been absorbed in the box office releases. While there are still start-up costs to convert films to SVOD and market the service, once it's up and running the Eros Now SVOD distribution business could become nearly pure profit. Plus, Eros keeps the content out of Netflix's hands.

Eros Now currently has 1,200 movies (of its total library of 3,000 titles) available on demand, plus over 3,000 music videos. The rest of its film library is in process of being converted to the correct format and uploaded to the platform. All of Eros's own film content is to be made available, and Eros has also contracted with partners such as Viacom 18 Media, Zee TV and UTV for TV content to appear on Eros Now.
[Emphasis in original.]

69. Wells Fargo, in its September 22, 2014 initiation of coverage report, similarly described Eros Now as the "Netflix of Bollywood" and a "compelling opportunit[y] for the stock," and stated that "we believe Eros Now has the potential to be a real needle mover down the road."

F. Eros Acquires Techzone to Gain Access to Millions of Potential Users

70. Given the market's focus on Eros Now as the driver for Company growth, the user base for the streaming movies-on-demand service was a crucial factor for investors. During the Class Period, Eros represented the "registered user" base for Eros Now as having grown from approximately 2.3 million to approximately 30 million.

71. Eros Now provided three tiers of services. The first was a free service with content being available to users without charge. The second made content available on a pay-per-view basis. The third made content available on a “premium subscription” basis, where subscribers would pay a monthly fee for access to content. Users of the free service would see advertisements but pay no fees. Pay-per-view users would view content without advertisements. Premium subscription users would receive enhanced services (such as high definition, subtitles, and portability of content) and additional content. Generally, the premium subscription model (on which Netflix operates, for example) produces the highest revenues.

72. The Company initially decided to concentrate on signing up free users rather than pay-per-view or premium subscriptions. Finding and retaining Eros Now users was a challenge, however, and on June 9, 2014, Eros acquired a company called Techzone. Techzone was a provider of inexpensive “mobile value-added services,” *i.e.*, add-on services for users of mobile platforms, such as ringtones. Most Techzone users are sporadic or one-time participants in inexpensive transactions like purchasing a ringtone. And Techzone operated exclusively in WAP, a platform technologically inadequate for viewing film content on Eros Now.

73. In acquiring Techzone, Eros obtained the right to market Eros Now to Techzone’s customers, and also acquired Techzone’s billing system. In its earnings conference call for the first fiscal quarter of 2015, held on August 21, 2014, Deshpande said:

We are in the process of completing the acquisition of Techzone, a leading company in the mobile value-added services within India, having billing integration in place with some of the major telcos within India.

Techzone currently processes over 25 million transactions per month through its billing platform, and we will seek to transfer more of the ErosNow service to that traffic and ***convert a proportion of them into free as well as premium subscribers for ErosNow.***

74. Analysts reacted favorably to the Techzone acquisition. Wells Fargo, for example, noted in its September 22, 2014 report that “Eros believes integrating TechZone with Eros Now will make it easier for cellphone customers to order one-off content, while also driving awareness of the brand and potentially converting people to monthly subscriptions.”

75. On a November 12, 2014 earnings conference call for the second fiscal quarter of 2015, Deshpande stated:

[Eros Now] *is already contributi[ng] to revenue*, but what we want is for us to now maximize the reach. *So our short-term objective is mainly to get as many people to download the Eros Now app.* We’re launching a new app this December, a new refreshed Eros Now app for Android, iPhone, all the different platforms. . . . So in the short term, our objective is less about premium subscribers and more about maximizing the reach. And if we sort of get a 10% conversion of reach to premium, we will be very, very happy.

76. Analysts were relying on Eros’s ability to monetize Eros Now users. Jefferies stated in a report dated November 13, 2014:

Eros Now Timeline Unch[anged]. Despite having 70 / 780K free and paying sub[scribers] for Eros Now, the timeline remains unchanged as mgmt. expects to reach critical mass in <1yr and transition to a pay model in the next few years. *We see this deployment as the key for the stock to work*, and are encouraged by sub growth to date.

77. In February 2015, Eros finally announced a significant uptick in the number of “registered users” it had attracted to Eros Now. Eros stated that nearly two-thirds of these were successfully converted from Techzone customers. Specifically, on an earnings conference call for the third fiscal quarter of 2015, held on February 17, 2015, Deshpande stated:

Now to the part that we are very excited about, Eros Now is mapping a remarkable growth trajectory as it contributes to expand its reach through various strategic collaborations. I had promised you some numbers on the last call. So here they are. *We’re*

pleased to announce that Eros Now has over 14 million registered users worldwide, which comprises of free, transactional and premium users. Out of this, just over 10 million are mobile users, mainly transactional WAP users in India who we were able to successfully convert through our TechZone relationship.

78. Analysts responded favorably to these statements. In a research report dated February 17, 2015, Jefferies stated:

EROS Now: Mgmt provided incremental detail regarding Eros Now - citing 14M registered users and an estimated ~100K premium users. *This indicates a significant ramp of registered users driven largely by the successful conversion of TechZone subs.* Looking forward, we expect a greater advertising push which will likely have an impact on F16/17 sub growth.

* * *

In terms of EROS Now, *10M of the 14M registered users are transactional subs which were likely generated through TechZone* (1M int'l).

79. In a report dated February 17, 2015, Macquarie Capital stated that “by mid fiscal 2016 it should be converting registered Eros Now users to paying subscribers. *Management will provide more detail in the next 2-3 months.*”

80. On an earnings conference call for the fourth quarter of 2015, held on June 10, 2015, Deshpande stated:

Our prelaunch phase of Eros Now has been very successful, with 19 million registered users globally, up 35.7% from the 14 million registered users we announced in Feb 15. Our official launch marketing campaign will kick off this July and use the latest exclusive movie premieres like Tanu Weds Manu Returns and our original shows as marketing pegs.

* * *

So 19 million subs is a global number. . . . But out of this, around 15.5 million or just over 15 million subs are – sub registered users are India and just over 3.5 million are outside of India. So we’re picking up a lot of registered users from India.

81. In a report dated June 10, 2015, Jefferies reported that “Mgmt updated [Eros Now] sub numbers, highlighting 19M registered users of which ~15.5M are Indian and 3.5M international. This indicates a significant ramp from the 14M announced in February” Jefferies noted that “the conversion to paying subs has proved to be slow.”

82. On an earnings conference call for the first quarter of 2016, held on August 18, 2015, Deshpande stated:

We are pleased to announce that as of end July, Eros Now has 26.5 million registered users worldwide, which comprises of free, transactional and premium *users*, a 38% growth to the numbers that we previously announced.

83. Analysts again responded favorably to the new user numbers, while noting the importance of the Company’s having a plan to derive revenues from them. Jefferies stated in a report dated August 13, 2015:

the major takeaway that Eros Now grew its subscriber base by 7.5M in the quarter, taking the total to +26.5M. This implies a pace which should allow the company to exceed prior guidance for ~40M by the end of F16, and puts the platform on track to meet our mid 40Ms target. Next Step: Monetization.
[emphasis in original]

G. Defendants Overstated the Eros Now User Base

84. Throughout the Class Period, Defendants touted high numbers of “registered users” of Eros Now, in the tens of millions. As Defendants knew but failed to disclose, however, the vast majority of these so-called “registered users” of Eros Now were in fact technologically unable to make any meaningful use of Eros Now’s services.

1. The Technological Landscape in India During the Class Period

85. During the Class Period in India, desktop and laptop computer (PC) use was relatively uncommon. Accordingly, access to Eros Now streaming movies-on-demand service

depended on mobile phone ownership. As Rishika Lulla Singh, head of Eros Digital, acknowledged during Eros's Investor Day conference held on October 13, 2015: "What's India's structural landscape? Today, we have over 150 million smartphones. That's absolutely huge. However, Internet penetration is only at 19%, broadband even lower at 8%."

86. Mobile phones can be either cellphones or smartphones. A smartphone is a cellphone with a mobile operating system, which gives it greater internet connectivity and more advanced computing capability than a cellphone. During the Class Period, the majority of users in India still used cellphones rather than smartphones.

87. Mobile phones can access websites using a browser, which is a software program giving access to the internet, or through applications permitting direct access. Recent generation smartphones such as the iPhone and Android are capable of accessing internet websites written in HTML, the same language used to write websites accessed on PCs. Such smartphones access websites with all the informational and interactive capabilities of websites accessed on PCs, although websites may be formatted to display differently on mobile devices' smaller screens.

88. Cellphones and older-generation smartphones, however, can only support browsers using the software protocol called WAP, that are able to access only stripped-down websites written in simplified languages such as Wireless Markup Language ("WML"). Websites accessed through WAP transmit much less data, at much slower rates, and with much less interactivity, than HTML websites.

89. Mobile phones connect to the internet by commercial wireless communication networks, or WiFi wireless local area networks available in limited areas. The 3G network was the first commercial wireless network iteration capable of transmitting streaming video in a convenient, practically usable manner. (The current network iteration in the U.S. is 4G/LTE.)

90. During the Class Period, the vast majority of mobile phone users in India did not subscribe to a 3G network. A November 2015 study by the GSM Association, a worldwide trade association of mobile operators, observed that India would have more than 500 million unique mobile subscribers by the end of 2015. According to the same study, although 3G network coverage extended to 75% of the Indian population as of November 2015, in 2014 only 11% of Indian mobile users subscribed to 3G service, with the remaining 89% of mobile users on 2G or below.

**2. The Company's Systematic Deception
Regarding Eros Now "Registered Users"**

91. Despite the Company's claims regarding millions of "registered users," these "users" in fact could not, and did not, access the Company's streaming movies-on-demand services. On February 17, 2015, Defendant Deshpande stated that Eros Now had approximately 14 million "users," 10 million of whom accessed Eros Now on mobile phones, "mainly" through WAP, with the remaining 4 million accessing Eros Now through HTML websites on PCs or through the app.

92. None of these categories of "registered users" made meaningful use of the Company's streaming movies-on-demand services. "Registered users" with WAP-based cell phones faced insuperable technical hurdles to accessing streaming long-form video. Further, industry data shows that very few people in India downloaded the Eros Now app, and the population of users who used smartphones to visit the Eros Now HTML website, that is, the only "registered users" who possessed the technology necessary to "use" the Company's streaming services, did so in a manner that was inconsistent with the Company's public statements.

(a) **WAP Usage**

93. As alleged above, Eros Now’s purported “registered users” who relied on WAP-based cell phone technology were not “users” of the streaming movie service at all. WAP does not permit meaningful use of a streaming movies-on-demand service like Eros Now. To the extent WAP permits streaming at all, it permits streaming of only a tiny image, subject to frequent pixelation and frequent, lengthy interruptions for buffering. For any kind of quality viewing of a larger image that is less subject to pixelation and interruption, the content must be downloaded for future viewing. Download rates over WAP are so slow that, as a practical matter, a movie must be downloaded scene-by-scene. Given the limitations of WAP technology and available data service, a full, feature-length movie would take days to download.

(b) **Mobile App Usage**

94. As the Company has acknowledged, and as reflected by industry data, relatively few persons used the Eros Now app to access the Company’s streaming movies-on-demand services during the Class Period.

95. In their Memorandum of Law in Support of Defendants’ Motion to Dismiss Plaintiffs’ Class Action Consolidated Complaint (ECF No. 63, Aug. 29, 2016), Defendants acknowledged that “the overwhelming majority of Eros Now’s registered users utilized WAP to access Eros Now through an ordinary mobile browser, instead of connecting through a downloadable application.” *Id.* at 9. Defendants also acknowledged that “the vast majority of Eros Now users ***did not*** access film content through the mobile app[.]” *Id.* (emphasis in original).

96. Commercially available industry data reveals just how few users downloaded the Company’s app. App Annie is a commercial service relied upon by the app publishing industry that records and aggregates the numbers of downloads that mobile apps receive on a monthly

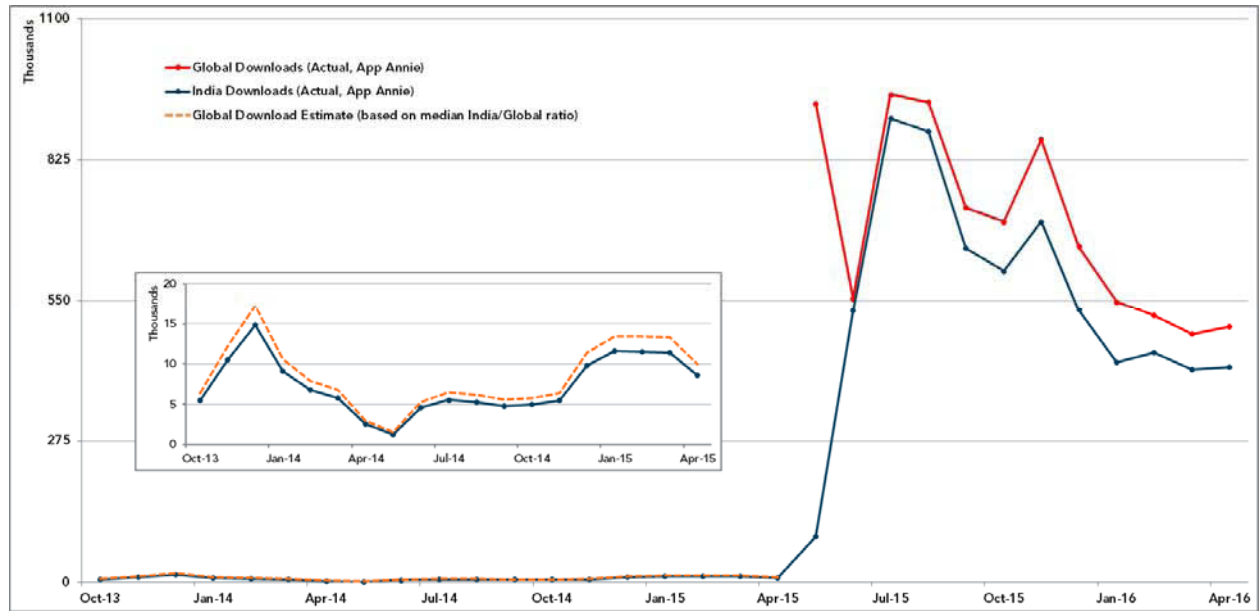
basis. According to App Annie's website, www.appannie.com, more than 80,000 app publishers use App Annie to analyze app store, advertising, and in-app analytics data to track 1 million apps and over \$1 billion in consumer app spending.

97. App Annie tracks downloads of apps. Thus, with data from App Annie, conclusions can be drawn about Eros Now usage via app. This data reveals a low level of downloads of Eros Now's app, inconsistent with the high numbers of "registered users" represented by Defendants.

98. Lead Counsel, as part of their investigation of Lead Plaintiffs' claims, and with the assistance of a qualified consulting expert, obtained Eros Now app download and revenue data available from App Annie for iOS and Android-based devices, including: (a) global data for Eros Now app downloads and revenues (*i.e.*, in-app purchases of media content) between May 2015 and April 2016; and (b) India-specific data for Eros Now app downloads and revenues between October 2013 and April 2016.

99. For the months between May 2015 and April 2016, the App Annie data reflecting global and India downloads result in a median ratio of total India downloads to total global downloads of 85.95%. This ratio can be used to extrapolate global downloads from India downloads throughout the Class Period. For the periods during which only India download data are available, Lead Plaintiffs accordingly estimate total global downloads of the Eros Now app by dividing the India download figures by 0.8595.

100. The results are set forth in the chart and table below, with pre-April 2015 India and estimated global download figures reproduced in the inset for clarity:



Month	Global Downloads (Actual, App Annie) (1)	India Downloads (Actual, App Annie) (2)	India/Global (2) ÷ (1)	Median India/Global (3)	Global Download Estimate (from median India/Global ratio) (2) ÷ (3)
Oct-13		5,497			6,395
Nov-13		10,462			12,172
Dec-13		14,810			17,230
Jan-14		9,128			10,620
Feb-14		6,766			7,872
Mar-14		5,827			6,779
Apr-14		2,547			2,963
May-14		1,310			1,524
Jun-14		4,579			5,327
Jul-14		5,533			6,437
Aug-14		5,271			6,132
Sep-14		4,788			5,570
Oct-14		5,003			5,821
Nov-14		5,451			6,342
Dec-14		9,820			11,425
Jan-15		11,558			13,447
Feb-15		11,541			13,427
Mar-15		11,414			13,279
Apr-15		8,575			9,976
May-15	934,420	89,044	9.52%	85.95%	
Jun-15	553,902	529,301	95.56%		
Jul-15	951,767	905,238	95.11%		
Aug-15	937,229	880,480	93.95%		
Sep-15	731,457	653,169	89.30%		
Oct-15	703,912	607,523	86.31%		
Nov-15	863,644	703,870	81.50%		
Dec-15	655,912	530,598	80.90%		
Jan-16	547,645	428,892	78.32%		
Feb-16	520,250	447,177	85.95%		
Mar-16	484,197	414,659	85.64%		
Apr-16	497,560	418,412	84.09%		

101. App Annie's data shows that app usage was grossly insufficient to boost Eros Now usage up from the low usage levels shown by SimilarWeb's website usage data to the levels Defendants claimed.

102. From October 2013 (the earliest data available) through April 2015, App Annie shows an aggregate of 139,880 downloads of Eros Now app in India, generating zero revenue.

103. Adjusted by their respective median India/Global ratios to approximate the worldwide figures for those periods, Eros Now is estimated to have generated a total of 162,738 downloads worldwide between October 2013 and April 2015, still generating zero revenue.

104. As part of Eros's earnings conference call for the fourth quarter of 2015, held on June 10, 2015, Deshpande purported to give an optimistic update regarding consumer adoption of Eros Now, stating that Eros Now had reached "19 million registered users globally." Estimated and actual worldwide app download data for Eros Now between October 2013 and June 2015 inclusive shows that the Company's Eros Now app had been downloaded only an estimated 1,651,060 times.

105. Similarly, in mid-October 2015, near the end of the Class Period, Defendants represented publicly that Eros Now had 30 million users as of September 30, 2015. From May 2015 through September 2015, App Annie shows an aggregate of 4,108,775 downloads of the Eros Now app worldwide, generating total revenues of \$23,309. Adding this estimated number of worldwide downloads to the worldwide downloads from October 2013 through April 2015 yields a total of 4,271,513 downloads, generating revenues of only \$23,309.

(c) Mobile HTML Website Usage

106. Because usage of Eros Now through the app was immaterial as shown by the App Annie data and Defendants' acknowledgments in this action, and because Eros Now content could not be useably streamed via the WAP website as alleged above, the only methods by which "registered users" could meaningfully use Eros Now was via the mobile HTML website on later-generation smartphones or via the full HTML website on PCs.

107. Industry data shows that such use was not actually occurring, however. SimilarWeb is a commercial service relied upon by the website publishing industry that records and aggregates, among other things, the duration of "hits" and visits that websites receive on a

monthly basis. According to SimilarWeb's website, www.similarweb.com, SimilarWeb's data comes from four sources: (1) a panel of monitored devices, currently the largest in the industry; (2) local internet service providers (ISPs) located in many different countries; (3) SimilarWeb's web crawlers that scan every public website to create a highly accurate map of the digital world; and (4) hundreds of thousands of direct measurement sources from websites and apps that are connected to SimilarWeb directly. SimilarWeb has thousands of customers, including global enterprises.

108. SimilarWeb tracks HTML website usage on mobile devices and PCs. (Because WAP technology is outmoded, SimilarWeb does not track WAP usage.) Thus, with data from SimilarWeb, conclusions can be drawn regarding Eros Now usage through its HTML website accessed on both PCs and mobile phones. This data reveals low levels of usage inconsistent with the high numbers of "registered users" claimed by Defendants.

109. Lead Counsel, as part of their investigation of Lead Plaintiffs' claims, and with the assistance of a qualified consulting expert, obtained data from SimilarWeb regarding Eros Now HTML website usage on mobile devices and PCs between November 2014 and November 2015, tracking the average duration of visits per month and the "bounce rate." The "bounce rate" means the percentage of visits where the visitor views the website's homepage and then leaves site without interacting further.

110. The SimilarWeb data is set forth in the chart below:

Month	Total Avg Visit Duration	Total Bounce Rate	PCs Avg Visit Duration	PCs Bounce Rate	Mobileweb Avg Visit Duration	Mobileweb Bounce Rate
Nov-14	0:02:58	49.68%	0:03:32	44.29%	0:01:48	61.06%
Dec-14	0:03:07	50.02%	0:03:14	46.00%	0:02:50	59.23%
Jan-15	0:02:35	56.19%	0:02:48	53.33%	0:02:09	61.93%
Feb-15	0:02:46	55.43%	0:02:59	50.44%	0:02:26	63.17%
Mar-15	0:02:59	51.00%	0:02:58	46.89%	0:02:59	58.99%
Apr-15	0:02:23	61.03%	0:02:41	55.98%	0:01:56	68.47%
May-15	0:02:42	56.89%	0:03:11	51.92%	0:01:56	64.66%
Jun-15	0:02:30	52.54%	0:03:04	48.86%	0:01:44	57.61%
Jul-15	0:02:55	42.68%	0:03:14	49.92%	0:02:31	33.22%
Aug-15	0:03:19	37.40%	0:04:18	34.70%	0:02:01	40.93%
Sep-15	0:03:02	42.37%	0:04:13	37.85%	0:01:38	47.69%
Oct-15	0:03:06	43.58%	0:03:48	40.76%	0:02:01	47.93%
Nov-15	0:02:41	55.53%	0:03:38	45.66%	0:01:32	67.26%
Dec-15	0:02:27	54.26%	0:03:19	45.84%	0:01:30	63.67%

111. On February 17, 2015, as alleged above, Defendant Deshpande stated that Eros Now had approximately 14 million “users,” 10 million of whom accessed Eros Now on mobile phones, “mainly” through WAP. The remaining 4 million accessed Eros Now through HTML websites on PCs (or through the app). In February 2015, visits to the Eros Now mobile website had a bounce rate of more than 63%, and had an average duration of only 2½ minutes. Visits to the Eros Now website on PCs had a similarly high bounce rate of about 50%, and had a similarly brief average duration of only 3 minutes.

112. On June 10, 2015, Deshpande stated that Eros Now had reached “19 million registered users globally.” During that month, visits to the Eros Now mobile website had a bounce rate of more than 57%, with an average duration of less than 2 minutes. Visits to the Eros Now website on PCs had a bounce rate of 49%, with an average duration of about 3 minutes.

113. In mid-October 2015, near the end of the Class Period, Defendants stated that Eros Now had 30 million registered users as of September 30, 2015. In September 2015, visits to the Eros Now mobile websites had a bounce rate of more than 47%, and had an average

duration of less than 2 minutes. Visits to the Eros Now website on PCs had a bounce rate of 38%, and had an average duration of about 4 minutes.

114. Eros Now's purported "registered users" could not have been meaningfully using Eros Now to stream content during the Class Period when visitors to the websites generally visited for only a few minutes, and when nearly half of all visitors "bounced" away from the homepage without further interaction. Even if a user were to download a movie rather than stream the movie through the website, an average feature-length film would take about 40 minutes to download using a good broadband connection, which was largely unavailable in India during the Class Period.

**(d) Information from a Confidential Witness
Supports the Facts Shown By the Industry Data**

115. The wide disparity between the number of purported Eros Now "registered users" and the nature of visits to the Eros Now website and Eros Now app downloads reflects that the Company in fact had not been able to generate new "users" of its services consistent with the numbers it reported.

116. The facts shown by the App Annie and SimilarWeb data are supported by the account of CW1, who was deeply involved in the design and implementation of the Eros Now platform. CW1, as noted above, was a paid consultant of Eros Digital, which had responsibility for digital media including Eros Now and later Techzone, from July 2011 through May 2015. Lulla first contacted CW1 in 2010 and asked CW1 to sketch out the plan for the Eros Now platform. After CW1 submitted the template, CW1 was asked to input the data into the template in order to have a functional platform.

117. According to CW1, the Techzone acquisition did not produce large numbers of Eros Now users. CW1 described Techzone as a provider of value-added services ("VAS"),

primarily ringtones. CW1 described VAS as lower-level services, such as ringtones, that are provided to mobile phone users who do not have data plans. Techzone offered some additional services on a pay-as-you-go basis, such as listening to certain movie clips, according to CW1. As CW1 explained, Techzone did not have its own media library, but was able to offer users access to certain movie clips by providing them with SMS codes. CW1 described VAS as akin to the 900-number business in the U.S.

118. Techzone could not stream films like Eros Now. According to CW1, Techzone was not Netflix and was not even “Netflix Lite.” Netflix, like Eros Now, has two basic requirements for their users: a smartphone and a data plan. According to CW1, most Techzone users had older handsets, such as an old school Nokia, and did not have a data plan. CW1 states that while it might be possible to view visually inferior short sections of movies on such phones using WAP, it is not practically possible to view an entire film with adequate graphic presentation and resolution.

119. According to CW1, it was not reasonable for Eros to have thought they could upsell Techzone users on Eros Now. According to CW1, this was like trying to convince users of a 1995-era bulletin board service to immediately start using Facebook. While these two user populations might converge over a perhaps 20-year period, it would not happen overnight according to CW1.

120. According to CW1, although Eros had the right to market Eros Now to Techzone users, virtually none of the Techzone users became Eros Now users because they were two distinct user bases. CW1 avers that a very low percentage of Techzone users actually downloaded a movie on Eros Now.

121. This should come as no surprise. CW1 states that normal high-resolution movies could not feasibly be streamed on WAP websites. While movies can theoretically be downloaded via a WAP website, downloading a normal high-resolution movie would take days.

H. Defendants Misrepresented the Size of Eros’s Film Library and Film Release Dates

122. Defendants also made materially false and misleading statements regarding the number of films the Company had available for Eros Now users, and the number of films it had newly produced that could be added to the Eros Now library. These figures were crucial for investors, for the streaming service is only as good as its content.

123. During the Class Period, Eros represented the number of films in its library as ranging from 2,000 (at the beginning of the Class Period) to 3,000 (by the end). In the same period, Eros has represented the number of new films it released each year as ranging from 77 (at the start of the Class Period) to 65 (by the end).

124. Defendants emphasized the huge library of film content that Eros maintained and had available for streaming on Eros Now – at first represented to contain 2,000 films and going up by the end of the Class Period to 3,000 films – and the large number of films Eros had produced and had in production. As Eros said in the IPO Registration Statement, “we have aggregated rights to over 2,000 titles in our library, plus approximately 700 additional films for which we hold digital rights only, including recent and classic titles that span different genres, budgets and languages, and we have distributed a portfolio of over 230 new films over the last three completed fiscal years and 26 in the six months ended September 30, 2013.”

125. From early on, Eros claimed its extensive library as its “crown jewel” and touted its broad release schedule. In Eros’s first earnings conference call following its IPO, for the third fiscal quarter of 2013, held on February 13, 2014, Deshpande touted Eros’s “valuable library of

over 2000 films, which we believe is our crown jewel and gives us a distinct competitive advantage,” and stated that Eros “typically release[s] over 60 films each year.”

126. In an earnings conference call for the Second Quarter of 2015, held on November 12, 2014, Deshpande stated:

We have built a unique and valuable library of over 2,300 films, with library monetization accounting for around 25% of our revenue. That gives us the opportunity to set up high-margin annuity type initiatives such as our online entertainment channel, ErosNow.

127. On that same conference call, Heffernan stated that the Company’s revenues received a “strong contribution from our valuable catalog of films” and that “[o]ur cash flow profile continues to improve as we see increased monetization of current releases and contribution of our library catalog.”

128. On an earnings conference call for the first quarter of 2016, held on August 18, 2015, Deshpande stated:

Our dominant box office market share consistently each year, along with *our significant library ownership of over 3,000 films* allows us to be frontrunners in this space as new opportunities present themselves on the back of explosive structural growth in India.

129. Defendants also made representations regarding the specific number of films Eros released. On June 10, 2015, the Company issued a press release, which was filed with the SEC on June 12, 2015 as an attachment to a Form 6-K, announcing its financial results. The press release was titled “Eros International Plc reaches \$100 million Adjusted EBITDA for Fiscal Year 2015” and falsely stated, in part, the following:

We released 65 films in fiscal 2015, of which 44 were Hindi language films and the remaining films were Tamil and other regional languages, as compared to 69 films in fiscal 2014, of

which 37 were Hindi language films and the remaining films were Tamil and other regional languages.

130. On July 9, 2015, Eros filed the Form 20-F, also claiming a release of 65 films in fiscal year 2015:

	Year ended March 31,		
	2015	2014	2013
Global (India and International)			
Hindi films	30	23	16
Regional films (excluding Tamil films)	—	3	3
Tamil films	6	8	3
International Only			
Hindi films	15	14	14
Regional films (excluding Tamil films)	1	—	—
Tamil films	13	21	38
India Only			
Hindi films	—	—	—
Regional films (excluding Tamil films)	—	—	—
Tamil films	—	—	3
Total	<u>65</u>	<u>69</u>	<u>77</u>

131. Analysts responded favorably to these claims. In a report dated July 31, 2014, Jefferies emphasized the importance of Eros’s extensive library and broad release schedule:

Content Drives Value, and Eros’s Library is Unparalleled. As we look to the future, we project that Eros will release ~70 films/year with a healthy mix of large budget titles, overseas releases, and regionals. This is on top of an existing library which comprises the rights to 2000 titles plus digital rights to 700 others. In F2015E we estimate that this library will generate 53% of TV revenue (18% of total), and grow at a 15% CAGR over the next three years.

132. In a report dated August 21, 2014, titled “F1Q In Line: Focus Remains on Eros Now,” Jefferies referred to the advantage Eros Now derived from “the 2,300 titles that Eros already owns the rights to,” and called Eros Now “the dominant digital platform for Indian film/television/music.”

133. In its initial report initiating coverage of Eros, dated September 22, 2014, Wells Fargo noted the importance of Eros’s extensive library and large number of films released:

To get a sense of the portfolio’s strength, Eros has participated in 70+ movies per year over the last 3 years As a result, the

company has built up a deep library that includes some of the most desirable content in India. And here is the kicker, Eros has amassed the rights to over 2,300 films in its library, while two of its largest Indian competitors only have a combined ~200 films!

134. In its initiating report on Eros, dated October 31, 2014, Macquarie enthused about Eros's extensive library, both as a source of revenue for the company and as a resource that could be leveraged by Eros Now:

Eros considers its film library of some 3,000 titles to be its crown jewel, providing the resource for faster longer-term growth from TV syndication and digital distribution

135. In a report dated August 18, 2015, titled "Eros International: What's Not to Like?", Macquarie reiterated its "outperform" rating for Eros, stating that Eros had reported that its "[c]ore theatrical revenues rose 77%, and Eros announced today it is ramping up production from ~70 films annually to 100-120 over the next few years, at a time when competitors are not expanding."

136. Similarly, in a report dated August 18, 2015, Jefferies stated that "Mgmt expects to grow total films to 100-120 per year over the course of the next 3 to 5 years."

137. In a report dated August 19, 2015, Wells Fargo noted that, "[i]mportantly, [Eros Now's revenues] are all HIGH MARGIN rev. streams (we est. a 75% margin), as EROS is just monetizing its owned content thru another platform."

138. Eros did not release 65 films during the fiscal year 2015 (from April 2014 through March 2015), however. On or about November 12, 2015, in response to questions regarding the veracity of its representations in its SEC filings that it had released 65 films in the fiscal year 2015, Eros published an "exhaustive" list of its fiscal year 2015 releases on its website. Eros admitted that the representations in its SEC filings were false: the list contained only 64 films, not 65 as Eros had represented in its SEC filings. Moreover, as shown by the list below,

independent sources demonstrate that, of those 64 films, 20 were not in fact released during fiscal year 2015:

Film Title	Actual Date of Release	Released by Eros in FY 2015	Sources of Release Date
HINDI			
18.11 A Code Of Secrecy	6/13/2014	Y	http://www.bollywoodhungama.com/movie/micro/cast/id/740385/18.11%20(A%20code%20of%20Secrecy...!); http://www.imdb.com/title/tt5776918/?ref_=fn_al_tt_1
Amdavad Junction	10/25/2013	N	http://www.imdb.com/title/tt4643782/?ref_=fn_al_tt_1
Badlapur	2/20/2015	Y	http://www.imdb.com/title/tt3678782/?ref_=fn_al_tt_1
Bazaar E Husn	7/18/2014	Y	http://www.imdb.com/title/tt3854246/?ref_=fn_al_tt_1
Bin Phere Free Mein Tere	5/3/2013	N	http://www.imdb.com/title/tt3260588/?ref_=fn_al_tt_1
Bolo Ram ("Bolo Raam")	12/31/2009	N	http://www.imdb.com/title/tt1584917/?ref_=fn_al_tt_1
Chand Ke Pare ("Chand Ke Paar Chalo")	3/31/2006	N	http://www.filmibeat.com/bollywood/movies/chand-ke-paar-chalo/cast-crew.html ; http://www.imdb.com/title/tt2668860/?ref_=fn_al_tt_1
Chor Chor Super Shor ("Chor chor super chor")	8/2/2013	N	http://www.imdb.com/title/tt2337292/releasinfo?ref_=tt_ov_inf
Cigaratte Ki Tarah	12/14/2012	N	http://www.imdb.com/title/tt2346744/?ref_=fn_al_tt_1
Dekh Tamastoa Dekh	4/18/2014	Y	http://www.bollywoodhungama.com/movie/micro/cast/id/582421/Dekh%20Tamasha%20Dekh
Ek Villain	6/27/2014	Y	http://www.bollywoodhungama.com/index/search/q/Ek%20Villain?q=Ek+Villain ; http://www.imdb.com/title/tt3175038/?ref_=fn_al_tt_1
Four Two Ka One	12/7/2012	N	http://www.imdb.com/title/tt2522290/?ref_=fn_al_tt_1

Film Title	Actual Date of Release	Released by Eros in FY 2015	Sources of Release Date
Golu Pappu ("Gollu Aur Pappu")	11/21/2014	Y	http://www.imdb.com/title/tt4219300/?ref_=fn_al_tt_1
Happy ending	11/21/2014	Y	http://www.imdb.com/title/tt3017412/?ref_=fn_al_tt_1 ; http://www.filmibeat.com/bollywood/movies/happy-ending.html
I don't Luv You	5/17/2013	N	http://www.bollywoodhungama.com/movie/micro/cast/id/592009
Ishk Actually	10/25/2013	N	http://www.imdb.com/title/tt2706340/?ref_=fn_al_tt_1
Its Rocking Dard e Disco	11/9/2012	N	http://www.imdb.com/title/tt2946506/?ref_=fn_al_tt_1
Its too Much ("Huff! It's too Much")	10/25/2013	N	http://www.imdb.com/title/tt3175440/?ref_=fn_al_tt_1
Jaatke Thaath Khota Sikka ("Khota Sikka Jaat Ke Thaath")	9/12/2014	Y	http://www.desimartini.com/movies/khota-sikka-jaat-ke-thaath/md3732.htm ; http://www.nowrunning.com/movie/16139/bollywood.hindi/khota-sikka-jaat-ke-thaath/index.htm ; http://www.hindilinks4u.to/2015/04/khota-sikka-jaat-ke-thaath-2015.html
Koylaanchal	5/9/2014	Y	http://www.imdb.com/title/tt3640942/?ref_=fn_tt_tt_1
Kuku Mathur ki Jhand Ho Gayi	5/30/2014	Y	http://www.imdb.com/title/tt2998196/?ref_=fn_al_tt_1
Lekar Hum Deewana Dil	7/4/2014	Y	http://www.imdb.com/title/tt3716142/?ref_=fn_al_tt_1
Life Is Beautiful	8/22/2014	Y	http://www.imdb.com/title/tt3881136/?ref_=fn_al_tt_4
Listen...Amaya	2/1/2013	N	http://www.imdb.com/title/tt2224313/?ref_=fn_al_tt_1
Love In India	11/1/2009	N	http://www.imdb.com/title/tt1439557/?ref_=fn_al_tt_1

Film Title	Actual Date of Release	Released by Eros in FY 2015	Sources of Release Date
Luv...Phir Kabhi	11/28/2014	Y	http://www.bollywoodtrade.com/movies/luv-phir-kabhi/2426/
Main Tera Hero	4/4/2014	Y	http://www.imdb.com/title/tt2762334/?ref_=fn_tt_tt_1
Mary Kom	9/5/2014	Y	http://www.imdb.com/title/tt3001638/?ref_=fn_al_tt_1
Munna Mange Memsaab	7/11/2014	Y	http://www.imdb.com/title/tt3854286/?ref_=fn_al_tt_1
My Husband's Wife	8/9/2013	N	http://www.bollywoodhungama.com/movie/micro/cast/id/545752
NH10	3/13/2015	Y	http://www.imdb.com/title/tt3742284/?ref_=nv_sr_1
Overtime	6/29/2012	N	http://www.imdb.com/title/tt2404673/?ref_=fn_al_tt_6
Paanch Ghante Main Paanch Crore ("Paanch Ghantey Mien Paanch Crore" and "5 Ghantey Mien 5 Crore")	8/10/2012	N	http://www.filmibeat.com/bollywood/movies/paanch-ghantey-mien-paanch-crore.html ; http://www.bollywoodhungama.com/movie/micro/cast/id/549183/5%20Ghantey%20Mien%205%20Crore ; http://www.imdb.com/title/tt1563732/?ref_=fn_al_tt_1
Rurani Jeans	5/2/2014	Y	http://www.imdb.com/title/tt3681414/?ref_=fn_al_tt_1
Riyasat	7/18/2014	Y	http://www.imdb.com/title/tt2283894/?ref_=fn_al_tt_1
Shamitabh	2/6/2015	Y	http://www.imdb.com/title/tt3836958/?ref_=fn_al_tt_1
Shree	4/26/2013	N	http://www.imdb.com/title/tt2826126/?ref_=fn_al_tt_1
Singham Returns	8/15/2014	Y	http://www.imdb.com/title/tt2309764/?ref_=fn_al_tt_1
Super Nani	10/31/2014	Y	http://www.imdb.com/title/tt2630076/?ref_=fn_al_tt_1
Tell Me O Khuda	10/27/2011	N	http://www.imdb.com/title/tt1961530/?ref_=fn_al_tt_1
Tevar	1/9/2015	Y	http://www.imdb.com/title/tt3398048/?ref_=fn_al_tt_1

Film Title	Actual Date of Release	Released by Eros in FY 2015	Sources of Release Date
The Unsound	2/8/2013	N	http://www.imdb.com/title/tt4788726/?ref_=fn_al_tt_1
Tum Ho Yaara	5/30/2014	Y	http://www.imdb.com/title/tt2078757/?ref_=fn_al_tt_1
Zindagi 50 50	5/24/2013	N	http://www.imdb.com/title/tt2929840/?ref_=fn_al_tt_1
TAMIL / TELUGU			
ATS Vaidhiya Sigamani ("Aindhaam Thalaimurai Sidha Vaidhiya Sigamani")	8/22/2014	Y	http://www.imdb.com/title/tt3740090/?ref_=fn_al_tt_1
Aagadu	9/19/2014	Y	http://www.imdb.com/title/tt2988020/?ref_=fn_al_tt_1
Anegan	2/12/2015	Y	http://www.imdb.com/title/tt2002868/?ref_=fn_al_tt_1
Anjaan	8/15/2014	Y	http://www.imdb.com/title/tt3563156/?ref_=fn_al_tt_1
Irumbi Kuthirai	8/29/2014	Y	http://www.imdb.com/title/tt3681488/?ref_=fn_al_tt_1
Kaaki Sattai	2/27/2015	Y	http://www.imdb.com/title/tt4415326/?ref_=fn_al_tt_1
Kaththi	10/22/2014	Y	http://www.imdb.com/title/tt3801314/?ref_=fn_al_tt_1
Kochadaiyaan (Hindi/Tamil/Telugu, etc.)	5/23/2014	Y	http://www.imdb.com/title/tt2339505/?ref_=fn_al_tt_1
Lingaa	12/12/2014	Y	http://www.imdb.com/title/tt4020624/?ref_=fn_al_tt_1
Maan Karate	4/4/2014	Y	http://www.imdb.com/title/tt3056436/?ref_=fn_al_tt_1
Madras	9/24/2014	Y	http://www.imdb.com/title/tt3822388/?ref_=fn_al_tt_1
Meaghamann ("Meagamann")	12/25/2014	Y	http://www.imdb.com/title/tt3885724/?ref_=fn_al_tt_1
Naan Than Bala	6/12/2014	Y	http://www.imdb.com/title/tt3798200/?ref_=fn_al_tt_1
Oru Ooria Rendu Raja	11/7/2014	Y	http://www.imdb.com/title/tt4047132/?ref_=fn_al_tt_1

Film Title	Actual Date of Release	Released by Eros in FY 2015	Sources of Release Date
Tenaliraman	4/18/2014	Y	http://www.imdb.com/title/tt3646264/?ref_=fn_al_tt_1
Vallavanukku Pullum Aayudham	5/10/2014	Y	http://www.imdb.com/title/tt3681460/?ref_=fn_al_tt_1
Velaiyilla Pattathari	7/18/2014	Y	http://www.imdb.com/title/tt3822396/?ref_=fn_al_tt_1
Vellaikaara Durai	12/25/2014	Y	http://www.imdb.com/title/tt4306702/?ref_=fn_al_tt_1
Yennai Arindhaal (aka "If You Know Me")	2/5/2015	Y	http://www.imdb.com/title/tt4258292/?ref_=fn_al_tt_1
OTHER REGIONAL LANGUAGES			
Dr. Cabbie	11/26/2014	Y	http://www.imdb.com/title/tt2831404/?ref_=fn_al_tt_1

139. Nor did Eros release 69 films during the fiscal year 2014 (from April 2013 through March 2014). On or about November 12, 2015, Eros also published an “exhaustive” list of its fiscal year 2014 releases on its website. As with the list for fiscal year 2015, this list included only 68 films—one less than Eros had represented as having been released in fiscal year 2014 in its SEC filing. As shown by the list below, of those 68 films, 17 were not in fact released during fiscal year 2014:

Film Title	Actual Date of Release	Released by Eros in FY 2014	Sources of Release Date
HINDI			
Aakhri Deal	3/15/2013	N	http://www.boxofficeindia.com/movie.php?movieid=927
Ab Hoga Dharna Unlimited	4/13/2012	N	http://www.boxofficeindia.com/movie.php?movieid=1026; http://www.imdb.com/title/tt2353775/?ref_=fn_al_tt_1
Bajatey Raho	7/26/2013	Y	http://www.boxofficeindia.com/movie.php?movieid=1376

Film Title	Actual Date of Release	Released by Eros in FY 2014	Sources of Release Date
Bandook	1/18/2013	N	http://www.imdb.com/title/tt2318401/?ref_=fn_al_tt_1 ; http://www.boxofficeindia.com/movie.php?movieid=1221
Bloody Isshq	3/1/2013	N	http://www.boxofficeindia.com/movie.php?movieid=1256 ; http://www.imdb.com/title/tt2404187/?ref_=fn_al_tt_1
Chakradhaar	6/15/2012	N	http://www.boxofficeindia.com/movie.php?movieid=1057 ; http://www.imdb.com/title/tt2207668/?ref_=fn_al_tt_1
Dishkiyaoon	3/28/2014	Y	http://www.imdb.com/title/tt3539966/?ref_=fn_al_tt_1
Ek Thi Daayan	4/18/2013	Y	http://www.imdb.com/title/tt2406676/?ref_=fn_al_tt_1
Fukrey	6/14/2013	Y	http://www.imdb.com/title/tt2806788/?ref_=fn_al_tt_1
Gang of Ghosts	3/21/2014	Y	http://www.imdb.com/title/tt3531604/?ref_=fn_al_tt_1
Go Goa Gone	5/10/2013	Y	http://www.imdb.com/title/tt2436516/?ref_=fn_al_tt_4
Goliyon Ki Rasleela Ram-Leela	11/15/2013	Y	http://www.imdb.com/title/tt2215477/?ref_=fn_al_tt_1
Hai Golmaal in White House	6/21/2013	Y	http://www.boxofficeindia.com/movie.php?movieid=1295
Grand Masti	9/13/2013	Y	http://www.imdb.com/title/tt2476154/?ref_=fn_al_tt_1
Jai Ho	1/24/2014	Y	http://www.imdb.com/title/tt1188982/?ref_=fn_al_tt_1
Jeet Lengey Jahaan	11/23/2012	N	http://www.bollywoodhungama.com/movie/micro/cast/id/569705/Jeet%20Lengey%20Jahaan
Krrish 3	11/1/2013	Y	http://www.imdb.com/title/tt1029231/?ref_=fn_al_tt_1
Lakeer Ka Fakeer	6/14/2013	Y	http://www.imdb.com/title/tt3031896/?ref_=fn_al_tt_1
Le Gaya Saddam	11/2/2012	N	http://www.imdb.com/title/tt3211088/?ref_=fn_al_tt_1

Film Title	Actual Date of Release	Released by Eros in FY 2014	Sources of Release Date
Lootera	7/5/2013	Y	http://www.imdb.com/title/tt2224317/?ref_=fn_al_tt_1
Phata Poster	9/20/2013	Y	http://www.imdb.com/title/tt2615584/?ref_=fn_al_tt_1
Prem Mayee	10/12/2012	N	http://www.imdb.com/title/tt2753528/?ref_=fn_al_tt_1 ; http://www.bollywoodhungama.com/movie/micro/cast/id/566871/Prem%20Mayee
Pyaar Mein Aisa Hota Hai	1/11/2013	N	http://www.bollywoodhungama.com/movie/micro/cast/id/554239/Pyaar%20Mein%20Aisa%20Hota%20Hai ; http://www.boxofficeindia.com/movie.php?movieid=1229
R... Rajkumar	12/6/2013	Y	http://www.imdb.com/title/tt2369154/?ref_=fn_al_tt_1
Raanjhanaa	6/21/2013	Y	http://www.imdb.com/title/tt2359810/?ref_=fn_al_tt_1
Saanwariya - Katu	4/19/2013	Y	http://www.boxofficeindia.com/movie.php?movieid=1265
Shaad Ke Side Effects	2/28/2014	Y	http://www.imdb.com/title/tt3302962/?ref_=fn_al_tt_1
Shootout at Wadala	5/3/2013	Y	http://www.imdb.com/title/tt2301155/?ref_=fn_al_tt_1
Shuttercock Boys	8/3/2012	N	http://www.imdb.com/title/tt1679290/?ref_=fn_al_tt_1
Singh Saab the Great	11/22/2013	Y	http://www.imdb.com/title/tt2437954/?ref_=fn_al_tt_1
Strings of Passion	1/17/2014	Y	http://www.imdb.com/title/tt1867064/Pref_=fn_al_tt_1
The Bong Connection	11/2006	N	http://www.imdb.com/title/tt0488374/?ref_=ttrel_rel_tt
Tum Jo Mile	1/1/2010	N	http://www.imdb.com/title/tt5594852/?ref_=ttrel_rel_tt
Warning	9/27/2013	Y	http://www.imdb.com/title/tt3138602/?ref_=fn_al_tt_2
Yeh Jawaani Hai Deewani	5/31/2013	Y	http://www.imdb.com/title/tt2178470/?ref_=fn_al_tt_1

Film Title	Actual Date of Release	Released by Eros in FY 2014	Sources of Release Date
Zara Sambhal Ke	10/31/2014	N	http://www.boxofficeindia.com/movie.php?movieid=2356; http://www.bollywoodhungama.com/movie/micro/cast/id/754397/Zara%20Sambhal%20Ke
Ziyarat	10/21/2011	N	http://www.boxofficeindia.com/movie.php?movieid=849
TAMIL / TELUGU			
1 - Nenokkadine	1/10/2014	Y	http://www.imdb.com/title/tt2375559/?ref_=fn_al_tt_1
Aandava Perumal	3/1/2013	N	http://www.filmibeat.com/tamil/movies/aandava-perumal.html
Arrambam	10/31/2013	Y	http://www.imdb.com/title/tt2555958/?ref_=fn_al_tt_1
All in All Azhagu Raja	11/2/2013	Y	http://www.imdb.com/title/tt3253476/?ref_=fn_al_tt_1
Biriyani	12/20/2013	Y	http://www.imdb.com/title/tt2638104/?ref_=fn_al_tt_1
Endrendrum Punnagi	12/20/2013	Y	http://www.imdb.com/title/tt3215518/?ref_=fn_al_tt_1
Ethir Neechal	5/1/2013	Y	http://www.imdb.com/title/tt2877104/?ref_=fn_al_tt_1
Gouravam	4/19/2013	Y	http://www.imdb.com/title/tt2877084/?ref_=fn_al_tt_1
Idhu Kathirvelan Kadhal	2/14/2014	Y	http://www.imdb.com/title/tt3215486/?ref_=fn_al_tt_1
Inga Enna Solluthu	1/30/2014	Y	http://www.imdb.com/title/tt3460918/?ref_=fn_al_tt_1
Ivan Veramaathiri	12/13/2013	Y	http://www.imdb.com/title/tt2562162/?ref_=fn_al_tt_1
Jilla	1/10/2014	Y	http://www.imdb.com/title/tt2678948/?ref_=fn_al_tt_1
Karuppampatti	3/22/2013	N	http://www.imdb.com/title/tt3421426/?ref_=fn_al_tt_1
Madha Gaja Raja (Tamil)	9/11/2016	N	http://www.filmibeat.com/tamil/movies/madha-gaja-raja-mgr.html
Moondru Per Moondru Kaadhal	5/1/2013	Y	http://www.imdb.com/title/tt2187102/Pref_#fn_al_tt_1

Film Title	Actual Date of Release	Released by Eros in FY 2014	Sources of Release Date
Nagaraja Cholan MA, MLA	5/9/2013	Y	http://www.imdb.com/title/tt2187102/?ref_=fn_al_tt_1
Naiyaandi	10/11/2013	Y	http://www.imdb.com/title/tt3219310/?ref_=fn_al_tt_1
Naveena Saraswathi Sabatham	11/29/2013	Y	http://www.imdb.com/title/tt3253548/?ref_=fn_al_tt_1
Negum	10/18/2013	Y	http://www.imdb.com/title/tt3671546/?ref_=fn_al_tt_1
Ner Ethir	1/24/2014	Y	http://www.imdb.com/title/tt3524312/?ref_=fn_al_tt_1
Nimirndhu Nil	3/7/2014	Y	http://www.imdb.com/title/tt3575136/?ref_=fn_al_tt_1
Oruvar Meethu Iruvar Sainthu	4/26/2013	Y	http://www.filmibeat.com/tamil/movies/oruvar-meethu-iruvar-sainthu.html
Pattathu Yaani	7/26/2013	Y	http://www.imdb.com/title/tt4197476/?ref_=fn_al_tt_1
Singam 2	7/4/2013	Y	http://www.imdb.com/title/tt2309600/Pref_=fn_al_tt_1
Thalaivaa	8/9/2013	Y	http://www.imdb.com/title/tt2617676/?ref_=fn_al_tt_1
Udhayam NH4	4/18/2013	Y	http://www.imdb.com/title/tt2872256/?ref_=fn_al_tt_1
Vanakkam Chennai	10/11/2013	Y	http://www.imdb.com/title/tt3215356/?ref_=fn_al_tt_1
Varuthapadatha Valibar Sangam	9/6/2013	Y	http://www.imdb.com/title/tt3215258/?ref_=fn_al_tt_1
Veeram	1/10/2014	Y	http://www.imdb.com/title/tt3320578/?ref_=fn_al_tt_1
OTHER REGIONAL LANGUAGES			
Nimbe Huli ("Nimbehulli")	3/28/2014	Y	http://www.filmibeat.com/kannada/movies/nimbehulli.html
Rangeelay	5/16/2013	Y	http://www.imdb.com/title/tt2821880/?ref_=fn_al_tt_1

140. According to Bloomberg, during the week of November 9, 2015, a man was escorted out of a Wells Fargo Technology Telecom and Media Conference at the Waldorf Astoria in New York after demanding that Eros give a full listing of all the films it released in

fiscal 2015. Alex Sherman & Cory Johnson, “Eros Continues Rapid Decline as Blogger Questions Film Releases,” Nov. 13, 2015.

141. According to CW2, Eros regularly overstates the number of films it has in production, and lists films as included in its library that were never made. As CW2 explains, “in production” is a term of art in the film industry that means that a script and actors have been signed, that pre-production has occurred, and the film is no more than 14 weeks from photography. Otherwise, a film is in “pre-production.”

142. According to CW2, Eros regularly identifies films as “in production” that are not in production and in fact are never made. Instead, Eros pays advances to Lulla family members and associates, but the films are not produced at all. CW2 avers that as of December 2015, the Eros website listed approximately 24 films as being “in production” that were not being produced at all. These films included *Illuminati* and *Sarkar 3*. CW2 also notes that the rights to most of the films in Eros’s library are only partly owned by Eros, even though in the library list Eros claims full ownership.

143. According to a December 28, 2015 article posted on Telugu360, titled “RGV [Ram Gopal Varma] back to Bollywood, ready for Sarkar 3,” pre-production work on *Sarkar 3* was “going on at a brisk pace” and “the formal launch will take place in June and the regular shooting will commence in October. Similarly, according to a May 28, 2016 article published by *The Times of India*, titled “Amitabh Bachchan: ‘Sarkar 3’ will start soon,” Bachchan, the lead actor, was “in talks” with the director, Ram Gopal Varma, and photography had not yet begun. And according to an August 22, 2016 article posted on www.dnaindia.com titled “One Sarkar, no villains: Amitabh Bachchan’s role in ‘Sarkar 3’ revealed,” the film is “set to release next year.”

V. **THE TRUTH BEGINS TO EMERGE**

144. The turning point for Eros, and ultimately the Class, occurred on October 13, 2015. On that date, Eros held an “Investor Day” conference for investors, analysts, and other market participants—the first such conference since the Company went public approximately two years earlier. The Company’s entire executive team attended, including Defendants Lulla, Deshpande, and Parameswaran.

145. Securities analysts attending the conference were eager to receive hard data and other particulars regarding Eros Now’s user base and the prospects for monetization. Three years after Eros Now was launched, the market wanted to know such details as the number and geographic distribution of users, how many were paying and how many were receiving content for free, and whether users stayed with the Eros Now service or “churned” out of it after initial discount offers terminated.

146. Defendants acknowledged the market’s reasonable desire for this information, and had it in their possession, but did not provide it because to do so would reveal that the Eros Now user base had been materially overstated by millions of Techzone users who had not and would not be “converted” to users of Eros Now, and thus that Eros Now had no real prospect for generating substantial revenue anytime soon.

147. As part of the Eros Now presentation, Deshpande stated defensively:

So, first of all, I hope that satisfied your appetite. I know expectations were wide and expectations were diverse. ***So, some of you may have been expecting granular information.*** How many subscribers do you have? How many do you have in India? How many do you have outside of India? How many are paying? How many are not paying? Is there churn? Is there not churn?

But in our minds, we are in a very different stage. We are building. We’ve got this energy. We’ve got all the catalysts coming together. We wanted to share with you what is the kind of granular data that we are collecting, which is why we took the time

to spend and show you the data and analytics and show you the kind of granular information that we will have access to. But today we haven't been out there for long enough to try and give you trends that can be relied upon. ***So it is not unwillingness to share data.*** We have every will to share data and give you comms similar to what Netflix provides or some other comparable players out there provide, but ***we're just not there yet.*** So we thank you for your support, and we request you for your patience for that level of granular information. But hopefully, this session on ErosNow has cleared the whole strategy and execution plan for ErosNow that we have laid out.

148. Analysts were generally positive as to Defendants' representations of the state of Eros's core film business, but were surprised and disappointed at Defendants' lack of transparency on Eros Now. Wells Fargo wrote in a report dated October 14, 2015:

We would characterize Eros's 10/13 Investor Day as more educational and informative, rather than quantitative. Our general sense from speaking with investors after the event was a mix of positive sentiment around the overall business, but ***disappointment on the lack of data for ErosNow.*** On this last point, ***investor focus going into the event was squarely on ErosNow.*** And while the description of the business and presentation of the market opportunity was generally well-received, the only new data point provided was an update on registered users—which was “over 30MM,” up from 26.5MM in July.

149. Wells Fargo went on to highlight Eros's claim as to the number of registered users: “[T]here are over 30MM users, up from 26.5MM in July—***there was a bit of confusion here,*** so we'd like to point out that roughly 2MM of the 26.5MM were picked up in July post the marketing campaign, so we think ErosNow is actually up 5.5MM since the end of FQ1 (and looks to be on a pace for 40MM by FYE'16)[.]”

150. Macquarie noted similarly in a report dated October 14, 2015 that “[s]ome investors may have walked away disappointed in the absence of financials on Eros Now.” Macquarie concluded, however, that “[w]e view EROS as a great play on OTT [Over-The-Top]

viewing, with a nascent platform on the verge of minting money. We expect this could lead to revenues more than doubling by 2020.”

151. In light of the Company’s unusual decision to withhold granular user information, analysts began to seriously question certain key metrics discussed during the Investor Day, including the accuracy of the Eros Now user count. Wells Fargo, in particular, began to take a closer look at the claimed Eros Now user numbers, using App Annie data as a tool.

152. On October 23, 2015, in response to these concerns, Eros took the unusual step of convening a conference call limited to friendly “sell-side” analysts. This call only exacerbated the market’s concerns, however. Wells Fargo promptly issued a report dated the same day titled “EROS: Stepping To The Sidelines—Downgrading To Market Perform.” The report began:

We’ve been big supporters of EROS since launching coverage with an Outperform in Sept. 2014, but a few key metrics have been put under the spotlight since the 10/13 Investor Day, causing us to take a fresh look at our thesis.

153. These key metrics included “validation of the actual Eros Now user count” and “the continued increase in receivables, driven by a sudden spike in revs. booked in the UAE (a red flag for some investors . . .).” Wells Fargo explained that management held a conference call with sell-side analysts that morning, “but we still came away feeling a bit confused.”

154. Wells Fargo reported with respect to Eros Now:

We’re still feeling uncertain about the ErosNow user count. Public websites that track app downloads (i.e. App Annie) *show relatively low rankings for ErosNow vs. other Indian streaming services with lower user counts* (i.e. Saavn had 14MM users at 7/2015, yet ranks higher on App Annie). *We can’t reconcile the disparity and it’s a red flag for investors*—so until we see some meaningful monetization from Eros Now, we have a tough time giving credit for it in our valuation. Mgmt.’s point of view is that these are almost entirely WAPP users that register thru phone numbers or email addresses. The problem is that we can’t verify it, even if it’s the predominant method of phone usage in India.

155. As a result of this news, the price of Eros common stock fell nearly **17%**, from a closing price of \$17.57 per share on October 22, 2015 to a closing price of \$14.65 on October 23, 2015. This drop constituted a material decline on unusually high trading volume of more than 5.5 million shares, and occurred when the overall S&P 500 index was relatively flat, removing artificial inflation caused by Defendants' fraud and causing Lead Plaintiffs and the Class to suffer economic damages.

156. Wells Fargo's October 23, 2015 report spurred other investors to examine the Company's business and the veracity of its representations to the market. On October 30, 2015, at 9:00 a.m. ET, the prominent investment website *Seeking Alpha* published an article by Alpha Exposure, titled "Unlike The Name, Investors Should Not Love EROS."

157. Alpha Exposure questioned, among other things, the rapid growth in Eros Now's reported user base, and did so by a method similar to that of Wells Fargo:

EROS is unlikely to ever be the Netflix of India

For some investors, EROS has provided a great growth story based on Eros Now and the potential to reach 1.2 billion people in India. We believe Eros Now faces significant headwinds from Internet access availability, piracy, and competition In addition, we have identified a number of inconsistencies which suggest that ***investors have been misled regarding Eros Now.***

* * *

As of March 2014, Eros Now only had 2.3M free subscribers on the Eros Now YouTube channel. This relationship began in 2007, and as discussed later, YouTube is a very popular app in India. However, investors are also supposed to believe that in March 2014, 19 months post the "soft" launch [of Eros Now], Eros Now had 14M subscribers (and 19M subscribers as of March 2015). Between March 2015 and June 2015, EROS claims it added 5 million subscribers. Somehow that was accomplished with lower advertising spend year over year. Between June 2015 and October 2015, EROS claims it added another 3.5 million subscribers. We

are awaiting the financials to see if there was any correlation with a pick-up in marketing spending.

We also believe YouTube data calls the Eros Now subscriber numbers into question. As of March 2015, YouTube has 60 million users in India. Per alexa.com, India is the source of 9.5% of all visitors to youtube.com and youtube.com has a global rank of #3 in terms of traffic. ***It is inconceivable to us that Eros Now could have half the number of users in India as YouTube yet its Alexa rank is thousands of spots below YouTube's rank.***

158. As a result of this news, the price of Eros common stock fell more than **13%**, from a closing price of \$12.86 per share on October 29, 2015 to a closing price of \$11.17 on October 30, 2015. This drop constituted a material decline on extraordinary trading volume of more than 6.8 million shares, and occurred when the overall S&P 500 index was relatively flat, removing artificial inflation caused by Defendants' fraud and causing Lead Plaintiffs and the Class to suffer economic damages.

159. The *Seeking Alpha* article struck a chord with Defendants. On November 2, 2015, the next business day, Eros issued a defensive press release titled "Eros International reinforces positive business fundamentals and provides detailed response to strongly refute anonymous allegations." The press release stated falsely with respect to Eros Now:

The 30 million registered users reported by ErosNow as of 30th September 2015 are a combination of web, WAP and APP users. Due to the leverage it got from its acquisition of Techzone, a mobile value added services provider in India, a large part of ErosNow users are currently mobile users. The majority of the equity research analysts that cover the Company have not factored any meaningful revenues for ErosNow before FY2017, so the swing from a billion dollar valuation to zero valuation for that business within a span of a few days is puzzling indeed.

160. Investors were not reassured. On November 10, 2015, at 9:38 a.m. ET, *Seeking Alpha* published a follow-up report by Alpha Exposure titled "Eros: Return Of The Short Seller

(2015).” This article revealed that Eros materially overstated its film count for fiscal year 2015 and associated revenues:

HOW MANY MOVIES? THE FIRST FAKE

Eros claims to have distributed 134 films in the last two fiscal years: 65 films in the fiscal year 2015 and 69 in the fiscal year 2014. Through an extensive research process, we have concluded that Eros actually distributed less than half the number of films as compared to what it claims. Our best estimate is that Eros distributed 52 films during this two-year period.

161. Alpha Exposure also highlighted Defendants’ backpedaling with regard to Eros Now as a revenue-generating business:

WHEN YOU ARE CAUGHT? DENY, DISTRACT, AND DISCREDIT

Eros’s management was caught with its pants down last week. So to keep their gravy train going, they employed time-honored tactics of denying their misdeeds, distracting investors with irrelevant data, and trying to discredit the critic and its data.

* * *

The company now states that it hopes to have a few million ErosNow paying subscribers worldwide over a three- to five-year horizon that will contribute significantly to revenue and EBITDA in the long run. This is quite different than the grand-standing management did at the FBR Digital Media Thought Leaders Conference on October 8, 2015 (Source: Beginning at 32:00). During its “fireside chat,” management stated an aspiration of having 100 million subscribers paying \$1 per month with virtually zero costs, or close \$1.2 billion going straight to EBITDA. Further, if the company wanted investors to view ErosNow as a free option, it makes no sense that there were fifty-four slides from its Analyst Day devoted to ErosNow compared to just twenty-seven slides to discuss its base business.

162. As a result of this news, the price of Eros common stock fell more than **33%** over a two-day period, from a closing price of \$12.37 per share on November 9, 2015 to a closing price of \$8.25 on November 11, 2015. This two-day drop constituted a material decline on

heavy trading volume totaling more than 7 million shares, and occurred when the overall S&P 500 index was relatively flat, removing artificial inflation caused by Defendants' fraud and causing Lead Plaintiffs and the Class to suffer economic damages.

163. On November 12, 2015, Eros issued a second defensive press release, titled "Eros says Content is at the Core of their Business and Baseless and Misleading Allegations don't Change their Fundamentals." The press release, among other things, advised that Eros posted its fiscal year 2015 and fiscal year 2014 film release slate on the Company's website. While, as alleged above, Eros reported in its Form 20-F for FY 2015 that it released 65 films that fiscal year, the FY 2015 film release slate posted on the Company website listed 64 films.

164. The 64-film list was still materially false and misleading, however. On November 13, 2015, at 12:29 p.m. ET, *Seeking Alpha* published a third article by Alpha Exposure titled "EROS: Is The Game Finally Over? We Think So." This article examined the film release slates posted by Defendants on Eros's website the previous day, and accordingly set forth further analysis regarding Eros's overstated film count:

Yesterday, November 12th, following repeated inquiries from investors, Eros released "an exhaustive list of films released in the [fiscal] year [2015 and 2014]. It includes global films, overseas-only films, films with all rights as well as films with specific rights across the various languages. All films may not have been released theatrically." In addition, we used the WaybackMachine to archive this data should it ever be taken down. Should the need arise, we also have screenshots of the movies named by Eros.

EROS'S Film List Proves It has Overstated Film Counts

Obviously, at this point, we believe that everything released by the company needs to be verified. As a first step to verifying the company's claim that it had released a list of its movies, we counted the movies now disclosed on the company's website. **Eros only published 64 and 68 movies for fiscal years ending 2015 and 2014, respectively. This is one less for each fiscal year than the numbers reported in its 20-F financials.** This

discrepancy should be immediately concerning to investors. Furthermore, we checked each individual movie to verify the actual release date. **For the list of sixty-four movies that Eros claims it distributed in fiscal year 2015, twenty of them were actually not released during fiscal year 2015, according to independent, public sources.** In other words, the company has misled investors by putting old movies onto its list of films it released.

* * *

We repeated this same exercise with Eros's fiscal year 2014. **Eros published a list of 68 films as compared to the reported 69 films stated in its 20-F. Of these 68 films, 15 were not released during fiscal year 2014 according to third party sources.** [Emphases in original.]

165. As a result of this news, the price of Eros common stock fell a further **20%**, from a closing price of \$8.90 per share on November 12, 2015 to a closing price of \$7.08 on November 13, 2015. This drop constituted a material decline on heavy trading volume of more than 3.8 million shares, and occurred when the overall S&P 500 index was relatively flat, removing artificial inflation caused by Defendants' fraud and causing Lead Plaintiffs and the Class to suffer economic damages.

166. Overall, Eros common stock lost nearly 60% of its value between its closing price on October 22, 2015 and its closing price on November 13, 2015, and more than 81% of its value between its Class Period high close on August 19, 2015 and its close on November 13, 2015.

VI. POST-CLASS PERIOD ALLEGATIONS

167. Eros's November 12, 2015 defensive press release also announced that the Audit Committee of the Company's Board of Directors had hired Skadden, Arps, Slate, Meagher & Flom LLP ("Skadden") "to conduct an *independent internal review* and also to advise us on related matters," but provided no further information as to the investigation's scope.

168. In a press release issued by Eros on February 17, 2016, Dilip Thakkar, Chairman of the Audit Committee, provided some limited color regarding the scope of what he now referred to as the Committee's "Internal Review."

169. Thakkar reported in the press release that "the Audit Committee appointed Skadden, Arps, Slate, Meagher & Flom LLP and affiliates . . . *to assist* it in undertaking an *Internal Review* on the subject matter of certain anonymous allegations and related matters that caused a sharp decline in the Company's share price" and that the Committee's review was ongoing. Thakkar also revealed that the Audit Committee had already "reviewed the accounting procedures and principles followed by the Company" and the Committee was already "fully satisfied that the Company ha[d] recorded its financial statements and related disclosures appropriately without any material misstatements."

170. Thus, the previously announced "independent internal review" that was to be conducted by Skadden had now mysteriously transformed into an internal review by the Audit Committee with the assistance of Skadden.

171. On March 21, 2016, the Company announced in a press release that the Audit Committee had "completed the internal review which it commenced in November 2015," and that it had done so with the hired "assistance" of Skadden.

172. The press release revealed for the first time the purported scope of the review: "The review included analysis of the Company's financial reporting for the following areas: (i) UAE sales and revenue recognition, (ii) amortization policy of intangibles, including film and content costs, (iii) related party transactions, (iv) ErosNow registered users count, and (vi) Eros' film library."

173. The press release did not set forth the Audit Committee’s findings. Rather, it noted only that the “Audit Committee remain[ed] satisfied with the Company’s financial reporting and disclosures in its financial statements as filed.”

VII. ADDITIONAL INDICIA OF SCIENTER

174. As alleged herein, during the Class Period, Defendants had actual knowledge of the false and misleading nature of the statements they made or acted with reckless disregard of the true information known to them. In so doing, Defendants committed acts, and practiced and participated in a course of conduct that operated as a fraud or deceit on purchasers of Eros securities during the Class Period.

175. As more fully alleged above, Defendants acted with scienter in that they knew that the public documents or statements issued or disseminated in the name of the Company were materially false and misleading; knew that these statements or documents were issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants culpably participated in the fraudulent scheme by Eros by virtue of their receipt of information reflecting the true facts regarding Eros, their control over or receipt or modification of Eros’s materially misleading misstatements, and their associations with the Company that made them privy to material nonpublic information concerning Eros.

A. Each of the Individual Defendants Received Periodic “Dashboard” Reports Concerning Eros Now Users

176. According to CW1, Eros was highly metric-driven. Eros Now used internal “dashboards” that tracked an array of critical metrics, including new user registrations, numbers of subscribers, and their usage of the service. According to CW1, Eros used off-the-shelf

software for this purpose, such as Kissmetrics, Customer.io, Segment.io, and Mix Panel, which produced output analytics. Further, according to CW1, dashboard reports were circulated automatically by e-mail at Eros and Eros Digital, the group responsible for Eros Now and Techzone, on a daily and weekly basis. The e-mail attached two or three pages of automatically generated charts, graphs, and analytics. There were separate outputs for the Eros Now app and the Eros Now website.

177. CW1 and others at Eros Now, including Rishika Lulla Singh, the CEO of Eros Digital (and Kishore Lulla's daughter), received these dashboard reports on a daily basis throughout CW1's tenure at the Company. Kishore Lulla, Jyoti Deshpande, and Andrew Heffernan received the reports on at least a weekly basis according to CW1.

178. Although CW1 left the Company in May 2015, at or about the time Parameswaran replaced Heffernan as CFO, it is reasonable to infer that Parameswaran would have received the same or similar reporting that Heffernan received.

179. Each "dashboard" listed, among other things, the total number of "plays" of movies on Eros Now on a daily basis. According to CW1, on February 16, 2015, the dashboard indicated that there were approximately 20,000 plays of movies on Eros Now. This was the day before the Company announced that Eros Now had 14 million "registered users." Even assuming that each play was by a unique registered user, those 20,000 plays are significantly fewer than the average number of plays that would occur in one day if each of 14 million "registered users" were to watch only one movie in a year, *i.e.*, $14,000,000 \text{ users} / 365 \text{ days} = 38,356 \text{ plays}$.

180. In comparison, Netflix has stated publicly that its users watched a total of 29.1 billion hours of streaming content in 2014, and 42.5 billion hours of streaming content in 2015.

Analysts at UBS have estimated that these numbers are equivalent to 1.6 hours and 1.8 hours watched per subscriber, per day, in 2014 and 2015. This means that Netflix users as a whole watched the equivalent of one movie per day in 2014 and 2015. *See* Nathan McAlone, “People Became Even More Addicted to Netflix in 2015, According to Goldman Sachs,” *Business Insider*, Jan. 11, 2016. Accordingly, Defendants knew from their own internal systems that 14 million “registered users” were not meaningfully using Eros Now’s movies-on-demand service.

181. According to CW1, Eros Now and Techzone had fundamentally different user bases. CW1 and anyone else reading the reports could see how many users Eros Now had as of the date of the report. Because Techzone, like Eros Now, was an active separate business within Eros Digital, CW1 believes that Eros senior management, including Lulla, Deshpande, Heffernan, and Rishika Lulla Singh, received daily or weekly dashboard reports with comparable metrics for Techzone and its user base. According to CW1, Eros executives knew the actual Eros Now and actual Techzone numbers from internal dashboard reports, and reported much higher Eros Now numbers to the financial markets.

182. CW1 was opposed to the idea of using Techzone customers to inflate the Eros Now “user” count, and told Kishore Lulla so. CW1 was opposed to this because CW1 viewed Techzone’s customer base as unable to become real users of Eros Now’s movie-on-demand service. CW1 also believed that value-added services, such as Techzone’s ringtone business, was a dying business that would eventually fade in India, as it did in the United States.

According to CW1, Techzone was acquired at least in part to inflate Eros Now’s user numbers.

B. Eros Is a Family Business With a Tightly Held Management Structure and Culture

183. Further strong indicia of scienter are provided by the origins and culture of the Company and roles and behavior of the Individual Defendants. Eros was, and was run like, a

family controlled business both before and after its IPO. In its fiscal year 2015 Form 20-F Annual Report, Eros reiterated that “[t]he Founders Group, which includes our Chairman, Kishore Lulla, holds a substantial interest in and, through the voting rights afforded to our B ordinary shares and held by the Founders Group, will continue to have the ability to exercise a controlling influence over our business, which will limit your ability to influence corporate matters.”

184. CW1 described Eros as a family business that has a number of related-party transactions that transfer wealth to family members, and Kishore Lulla runs the Company. CW2 similarly averred that Kishore Lulla controls Eros with certain members of his family, and described the Company as a mom-and-pop shop where all guidance and decisions come from Kishore Lulla.

185. According to CW1, Heffernan joined Eros from Grant Thornton UK, a midmarket accounting firm, and was Kishore’s man. In 2012, Kishore Lulla named his daughter Rishika Lulla Singh as CEO of the digital division, and subsequently appointed her to Eros’s Board of Directors. According to CW1, Kishore Lulla, Jyoti Deshpande, and Andrew Heffernan were all privy to the inner workings of Eros, including having knowledge about the number of Eros Now’s users and the number of movies in Eros’s film library. Deshpande was very close with Heffernan, according to CW1.

186. Thus, Lulla, Deshpande and Heffernan, as well as Parameswaran, worked side-by-side and were hands-on senior executives who were intimately familiar with Eros’s operations and the Eros Now business. They regularly represented and spoke to the investing public and the industry on behalf of the Company, and regularly received confidential internal information concerning Eros Now and Eros’s film library.

187. According to CW2, Eros has raised more than \$800 million in public offerings during the past six years but has little cash flow on its balance sheet. Some of that money, according to CW2, has been used to pay members of the Lulla family that are producing nonexistent films.

188. As such, the continuing depletion of corporate assets through extensive related-party transactions meant that the Lulla family had to find a way to raise money without producing corporate growth organically. The Lulla family turned to the capital markets to do so, and used Eros Now, which was launched shortly before Eros listed its shares on the London Stock Exchange in November 2012, as the means by which to entice prospective U.S. investors as the first Indian media company to be listed on the New York Stock Exchange.

**C. Eros's Film Library and Eros Now
Are Core Operations of the Company**

189. In addition, a strong inference of scienter arises based on the very nature of the issues about which Defendants are alleged to have misled the investing public. Maintenance of Eros's film library, including film production and release dates, was central to the business of a film production and distribution company such as Eros.

190. Eros Now was Eros's big push into streaming video—an effort to become the Netflix of Bollywood. Eros marketed itself to prospective investors based on the ability of Eros Now to leverage the Eros film library, and analysts viewed Eros Now as the primary driver of the Company's future growth and revenues.

191. Kishore Lulla viewed Eros Now as a critical part of the Company's overall business. CW1, who joined Eros specifically to develop Eros's digital business and Eros Now in a particular, reported directly to him rather than Rishika Lulla Singh, the CEO of Eros Digital.

D. Defendants Deshpande and Parameswaran Signed Sarbanes-Oxley Certifications

192. Pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”), Defendants Deshpande and Parameswaran, in their capacities as principal executive officer and principal financial officer, respectively, each certified (a) that they reviewed Eros’s Form 20-F Annual Report for FY 2014, originally filed with the SEC on June 17, 2014, and Eros’s Form 20-F Annual Report for FY 2015, originally filed with the SEC on July 8, 2015; (b) that “[b]ased on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report”; and (c) that she or he “[d]esigned such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.”

193. All four SOX certifications were signed and filed with the SEC on August 20, 2015, attached to amended Form 20-F/A Annual Reports for FY2014 and FY2015. The original Annual Reports were filed without the required SOX certifications.

E. Corporate Scienter

194. Eros acted with “corporate” scienter given that the material misstatements and omissions regarding the accuracy and validity of the Eros Now registered user or subscriber count, Eros’s film library, and the number of films in production and released each year were approved by corporate officials sufficiently knowledgeable about the Company to know that the statements were false and misleading. At least one authorized agent of the Company authorized, requested, commanded, furnished information for, prepared (including suggesting or contributing

language for inclusion therein or omission therefrom), reviewed or approved the statements in which the misrepresentations were made before their utterance or issuance. Moreover, at least one authorized agent of the Company ratified, recklessly disregarded, or tolerated the misrepresentation after its utterance.

VIII. DEFENDANTS' MATERIALLY FALSE AND MISLEADING STATEMENTS AND OMISSIONS OF MATERIAL FACT

195. During the Class Period, Defendants made numerous false and misleading statements of material fact related to: (1) the size and growth of the Company's Eros Now "registered user" base; (2) the ability of Eros Now's "registered users" to actually use the Eros Now movies-on-demand service in a meaningful way; (3) the then-current position of Eros with regard to the Company's ability to grow and generate revenue and earnings based on the Company's Eros Now business; (4) the number of films produced by Eros; and (5) the then-current strength and growth of Eros's library of films and this library's ability to support the growth of Eros Now.

The IPO Registration Statement and Prospectus

196. The Class Period begins on November 12, 2013. On that date, the Company's Form F-1 Registration Statement for its IPO, including a Prospectus, was declared effective by and filed with the SEC. The IPO Registration Statement was signed by Defendants Lulla, Deshpande, and Heffernan, among others. On November 14, 2013, Eros filed the Prospectus with the SEC on Form 424B4.

197. The IPO Registration Statement was required to set forth all material information regarding, among other things, the Company, material (but yet unmaterialized) risks faced by the Company, its operations, its outlook for growth, and material trends that the Company was experiencing.

198. The IPO Registration Statement offered descriptions and included statements regarding, among other things: (1) the Company's Eros Now movies-on-demand service; and (2) the number of films released by Eros in the period prior to the IPO.

199. For example, the IPO Registration Statement stated in relevant part:

Our Strategy

* * *

Increase our distribution of content through digital platforms globally.

* * *

In August 2012, we expanded our digital presence with the launch of our on-demand entertainment portal Eros Now, through which we leverage our film and music libraries by providing ad-supported and subscription-based streaming of film and music content via internet-enabled devices.

200. Additionally, the IPO Registration Statement stated in part:

[W]e have aggregated rights to over 2,000 films in our library, plus approximately 700 additional films for which we hold digital rights only, including recent and classic titles that span different genres, budgets and languages, and ***we have distributed a portfolio of over 230 new films over the last three completed fiscal years, and 26 in the six months ended September 30, 2013.*** New film distribution across theatrical, television and digital channels along with library monetization provide us with diversified revenue streams.

201. These statements in the IPO Registration Statement were materially false and misleading when made because, although Defendants knew (or recklessly disregarded) the truth, they failed to disclose that:

(a) the then-current expansion and adoption rate of later-generation smartphone usage and PC usage, and home and mobile broadband service in India, Eros's

primary market, did not and could not support the rate of growth of Eros Now required to make that business operation viable; and

(b) the number of films distributed by Eros during the first six months ended September 30, 2013 (*i.e.*, the first half of the Company's fiscal 2014) was, in fact, less than the 26 claimed in the IPO Prospectus.

Fiscal Q3 2014 Results Press Release

202. On February 13, 2014, Eros issued a press release setting forth the Company's results of operations for the Company's fiscal third quarter of 2014, which ended December 31, 2013. The press release was subsequently furnished to the SEC as Exhibit 99 to a Form 6-K filed on February 13, 2014, and signed by Heffernan.

203. As part of its press release, Eros reported third quarter revenues of \$87.2 million. In connection with this press release, Deshpande stated in part:

Our strong third quarter results demonstrate the success of our strategy of investing in high quality Indian film content and our ability to monetize it across numerous distribution platforms, both within India and in international markets. ***Our investment in content has allowed us to systematically scale our business and build a valuable library of over 2,000 films that is a significant competitive advantage for us, and fuels our digital initiatives such as ErosNow*** for online content distribution and our HBO collaboration for premium television within India.

204. The press release went on to discuss the Company's Eros Now service and the Company's film releases in fiscal 2014 and fiscal 2015:

- ErosNow, the Company's unique online service offering full length films and music videos, launched its "Freemium" model during the third quarter. Certain Eros content can now be accessed for free, while other content is also being offered on a transactional or subscription basis. ...

* * *

- The Company's fiscal fourth quarter ended March 31, 2014 has started off well with two major releases, *Jai Ho* (Hindi) starring Salman Khan and *One Nennokodine* (Telugu), starring Mahesh Babu, both underpinned by strong pre-sale revenues. Apart from this, there will be other Tamil, Hindi and overseas only films that will be released before the end of FY 2014. The release date of Rajinikanth's *Kochadaaiyaan* (Tamil) has been announced for April 11, 2014 and the music for the film will be released in March, 2014.
- Slate visibility is an important strategy employed by Eros as it allows the Company to manage its portfolio of films by pre-selling, de-risking and bringing some predictability to a business that is not to be measured quarter on quarter. FY 2015 has releases such as, *Kochadaaiyaan*, *Action Jackson*, *Happy Ending*, *Dekho Magar Pyar Se*, *Purani Jeans* and *Telugu untitled* (Pawan Kalyan) in the first half of the year and releases such as *Tewar*, *NH 10*, *Untitled* (by Balki), *Chalo China*, *Illuminati Films Untitled* (by Sriram Raghavan), *Tamil untitled* (Ajith) to name a few in the second half of the year.

205. Later that same day, Eros hosted a conference call for analysts and investors to discuss the Company's fiscal Q3 2014 results. During that call, Deshpande stated in part:

We typically release over 60 films each year. Of that total, 12 to 15 films are global releases in Hindi language and the main revenue contributors to our film slate. This is followed by Tamil language global releases and then other regional language or international-only releases.

* * *

With over 154 million television homes in India and compulsory digitization kicking in, India has one of the largest TV markets in the world hungry for premium content, mainly films.

Even more compelling is the fact that India will have over 386 million Internet users by 2017 and over a billion mobile users of which over 25% are slated to be smartphone users. ***This is the context for our Eros Now strategy for online monetization of our content.***

* * *

Finally, during this quarter, we launched the freemium initiative for Eros Now, our online service that showcases full-length movies

and music videos. We will monetize the traffic generated through brand and advertising sponsorships while we offer a subscription offering to more discerning customers. ***To give you an indication of the potential, our Eros Now channel on YouTube, which only offers short-form content, has crossed over 1.7 billion video views and generates over 18 million video views each month. This is the traffic that we will be actively converting.***

206. Heffernan, as part of prepared comments, stated in part:

The Company released 15 films this quarter, three of which were high budget and two medium budget films compared to 24 films in the third quarter last year, three of which were high budget and two medium budget films. ***Year to date, we have released 41 new films compared to 66 in the year-ago period.***

207. During the following question-and-answer session, Deshpande engaged in the following exchange:

[Analyst]: [O]n Eros Now, understand that you just launched it, are you seeing anything interesting with the initial response by the market that might sort of shift your view positively or negatively regarding how that service will evolve?

Deshpande: I think the freemium model has had a massive take-up. We've seen sort of people trialing the service—we started signing up thousands of registrations every day and we've not even started marketing the service.

208. These statements were materially false and misleading when made because, although Defendants knew (or recklessly disregarded) the truth, they failed to disclose that:

(a) Techzone's existing users, and Eros Now's potential market in general, could not and were not meaningfully using Eros Now's movies-on-demand services;

(b) Defendants had no reasonable basis to believe that a material number of Techzone users would become users of Eros Now's movies-on-demand services, let alone would be monetized by becoming Eros Now subscribers;

(c) The then-current size and rate of growth of the Company's film library were insufficient to support the viability and growth of Eros Now;

(d) Eros had not, in fact, released 41 films during the first three quarters of fiscal 2014, but rather a substantially smaller number that would ultimately be approximately 24 films for the full fiscal year of 2014; and

(e) Eros's projected rate of release of films was insufficient to support the viability and growth of Eros Now.

Fiscal Q3 2014 Financial Statements

209. On February 21, 2014, Eros filed a Form 6-K with the SEC, signed by Deshpande and Heffernan, that set forth the Company's financial statements for the third quarter of fiscal 2014, which ended December 31, 2013.

210. Among other things, these financial statement set forth information about the Company's revenues and film releases, stating in relevant part:

[W]e have aggregated rights to over 2,000 titles in our library, plus approximately 700 additional films for which we hold digital rights only, including recent and classic titles that span different genres, budgets and languages, and *we have distributed a portfolio of over 230 new films over the last three completed fiscal periods and 41 in the nine months ended December 31, 2013.*

* * *

Eros released 15 new films in the three months ended December 31, 2013, of which there were three high budget films and two medium budget films, compared to 24 films in the three months ended December 31, 2012, of which three were high budget films and two were medium budget films. *Eros has released 41 new films in the nine months ended December 31, 2013*, compared to 66 in the nine months ended December 31, 2012.

211. These statements were materially false and misleading when made because, although Defendants knew (or recklessly disregarded) the truth, they failed to disclose that:

(a) Eros had not, in fact, released 41 films during the first three quarters of fiscal 2014, but rather a substantially smaller number that would ultimately be approximately 24 films for the full fiscal year of 2014; and

(b) Eros's projected rate of release of films was insufficient to support the viability and growth of Eros Now.

Fiscal Q4 and FY 2014 Results Press Release

212. On June 12, 2014, Eros issued a press release announcing operating results for the fourth quarter and full year of fiscal 2014, which ended on March 31, 2014. The press release was subsequently furnished to the SEC as Exhibit 99.1 to a Form 6-K filed with the SEC on June 12, 2014.

213. That same day, after the close of the markets, Eros filed Amendment No. 1 to this Form 6-K on Form 6-K/A that corrected an error in the press release, but the content of the press release remained substantially the same.

214. As part of this press release, Eros reported revenues of \$63.3 million and \$235.5 million for the quarter and the fiscal year respectively. In connection with this press release, Deshpande stated in part:

Our global distribution network allows us to take Indian films to over 50 countries dubbed and subtitled in over 25 languages as well as target the billion plus population in India. ***Our strong margins are driven by our robust film portfolio*** and its solid performance across revenue streams as well as the monetization of our library films.

215. The press release went on to discuss Eros's film releases and the Company's acquisition of Techzone:

We released 69 films in fiscal 2014 of which 37 were Hindi language films and the rest were Tamil and other regional languages, as compared to 77 films in fiscal 2013 of which 30 were Hindi language films and the rest were Tamil and other

regional languages. Of these films in fiscal 2014, four were high budget films and 21 were medium budget films as compared to six high budget films and 13 medium budget films in fiscal 2013.

216. These statements were materially false and misleading when made because, although Defendants knew (or recklessly disregarded) the truth, they failed to disclose that:

(a) the Company's film portfolio was not, in fact, strong enough to support the Company's Eros Now business; and

(b) the Company had not, in fact, released 69 films in fiscal 2014, but actually far fewer—approximately 24.

Annual Report on Form 20-F for Fiscal 2014

217. On June 17, 2014, Eros filed the Company's Annual Report on Form 20-F for fiscal 2014, which ended March 31, 2014. The Form 20-F was signed by Deshpande.

218. Eros's Annual Report for fiscal 2014 reported revenue for the fourth fiscal quarter of \$63.3 million. The 2014 Annual Report stated in part:

Certain information regarding our initial distribution rights to films initially released in the three fiscal years ended March 31, 2014, 2013 and 2012 is set forth below:

	Year ended March 31,		
	2014	2013	2012
Global (India and International)			
Hindi films	23	16	11
Regional films (excluding Tamil films)	3	3	2
Tamil films	8	3	—
International Only			
Hindi films	14	14	16
Regional films (excluding Tamil films)	—	—	1
Tamil films	21	38	46
India Only			
Hindi films	—	—	—
Regional films (excluding Tamil films)	—	—	—
Tamil films	—	3	1
Total	69	77	77

* * *

With 870 million mobile subscribers (including over 60 million internet enabled smart phones) in India in 2013, we believe that

Techzone will be a strong addition to our ErosNow strategy to increase distribution of content through digital platforms.

219. These statements were materially false and misleading when made because, although Defendants knew (or recklessly disregarded) the truth, they failed to disclose that:

(a) Techzone’s existing users, and Eros Now’s potential market in general, could not and were not meaningfully using Eros Now’s movies-on-demand services;

(b) Defendants had no reasonable basis to believe that a material number of Techzone users would become users of Eros Now’s movies-on-demand services, let alone would be monetized by becoming Eros Now subscribers; and

(c) the Company had not, in fact, released 69 films during fiscal 2014, but actually far fewer—approximately 24.

The Secondary Offering Registration Statement

220. On June 18, 2014, Eros filed a Registration Statement on Form F-1, registering a secondary offering of up to 7 million shares of class A ordinary stock plus an underwriters’ overallotment of up to 1.05 million shares (the “Secondary Offering”). On July 9, 2014, Eros’s the Secondary Offering Registration Statement, as amended, was declared effective by and filed with the SEC. The Secondary Offering Registration Statement was signed by Defendants Lulla, Deshpande, and Heffernan, among others.

221. The following amounts of shares were registered to be sold by or for the benefit of certain insiders:

Beneficial Owner	Shares to Be Sold as Part of the Secondary Offering	Shares to Be Sold as Part of Overallotment
Kishore Lulla	—	525,000 ¹
Sunil Lulla	—	525,000 ¹
Eros Ventures	—	525,000 ¹
CEO Deshpande	300,000	—

CFO Heffernan	25,000	—
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¹ Shares held by a trust with multiple beneficiaries.

222. The Secondary Offering Registration Statement was required to set forth all material information regarding, among other things, the Company, material (but yet unmaterialized) risks faced by the Company, its operations, its outlook for growth, and material trends that the Company was experiencing.

223. The Secondary Offering Registration Statement offered descriptions and included statements regarding, among other things: (1) the Company's Eros Now movies-on-demand service; and (2) the number of films distributed by Eros.

224. The Secondary Offering Registration Statement stated in part:

Our Strategy

* * *

Increase our distribution of content through digital platforms globally.

* * *

In August 2012, we expanded our digital presence with the launch of our on-demand entertainment portal Eros Now, ***through which we leverage our film and music libraries by providing ad-supported and subscription-based streaming of film and music content via internet-enabled devices.***

225. Additionally, the Secondary Offering Registration Statement stated in part:

[W]e have aggregated rights to over 2,300 films in our library, plus approximately 700 additional films for which we hold digital rights only, including recent and classic titles that span different genres, budgets and languages, and ***we have distributed a portfolio of over 220 new films over the last three completed fiscal years.*** New film distribution across theatrical, television and digital channels along with library monetization provide us with diversified revenue streams.

226. Further, the Secondary Offering Registration Statement described the Company's acquisition of a controlling interest in Techzone:

With 870 million mobile subscribers (including over 60 million internet enabled smart phones) in India in 2013, we believe that Techzone will be a strong addition to our Eros Now strategy to increase distribution of content through digital platforms.

227. These statements in the Secondary Offering Registration Statement were materially false and misleading when made because, although Defendants knew (or recklessly disregarded) the truth, they failed to disclose that:

- (a) Techzone's existing users, and Eros Now's potential market in general, could not and were not meaningfully using Eros Now's movies-on-demand services;
- (b) Defendants had no reasonable basis to believe that a material number of Techzone users would become users of Eros Now's movies-on-demand services, let alone would be monetized by becoming Eros Now subscribers;
- (c) the then-current expansion and adoption rate of later-generation smartphone usage and PC usage, and home and mobile broadband service in India, Eros's primary market, did not and could not support the rate of growth of Eros Now required to make that business operation viable; and
- (d) the number of films distributed by Eros during the three prior fiscal years was, in fact, less than the 220 claimed in the Secondary Offering Registration Statement.

228. The Secondary Offering, which closed on July 15, 2014, was a success for the Company and the selling shareholders, who sold 6.675 million and 325,000 shares respectively. The closing of the Secondary Offering was announced by the Company in a press release on July 17, 2014. This press release was subsequently furnished to the SEC as Exhibit 99.1 to a Form 6-K filed with the SEC.

Fiscal Q1 2015 Results Press Release

229. On August 21, 2014, Eros issued a press release setting forth the Company's results of operations for the Company's first quarter of fiscal 2015, which ended June 30, 2014. The press release was subsequently furnished to the SEC as Exhibit 99.1 to a Form 6-K filed on August 21, 2014.

230. As part of this press release, Eros reported revenues of \$45.4 million for the quarter. In connection with this press release, Deshpande stated in part:

We continue to successfully execute ***our strategy of investing in high quality Hindi and regional language films that we distribute globally and monetize across traditional and emerging distribution channels***. In the first quarter, we had strong pre-sales which remains a core part of our de-risking strategy with the much-awaited Tamil film Kochadaiyaan as the main tent-pole film for the quarter supported by several medium budget international only releases and valuable contributions from our library of 2,300 films. . . .

Our Eros Now online service continues to gain momentum as we add more free and premium subscribers. The proposed acquisition of Techzone will be a key component of the growth of ErosNow by providing a strategic advantage especially over the mobile monetization platforms.

231. Later that same day, Eros hosted a conference call for analysts and investors to discuss the Company's fiscal Q1 2015 results. During that call, Deshpande stated in part:

Techzone currently processes over 25 million transactions per month through its billing platform, and ***we will seek to transfer more of the ErosNow service to that traffic and convert a proportion of them into free as well as premium subscribers for ErosNow.***

232. Deshpande also stated in part:

We're already live on mobile platform, so you could download the ErosNow app today. And it's available on android, IOS, all operating platforms. So whatever smartphone user you are you could access ErosNow today through your cell phones.

What the difference with the Techzone what we are hoping to do is, we are hoping to have direct billing integration *so that when customers are accessing our site through WAP* or their mobile app they don't have to put their credit card details and we can take a share out of the mobile wallet.

233. Heffernan stated in part:

[C]onfirming our recent follow-on, we believe *our business continues to be well positioned for strong growth and profitability*, and we will seek to capitalize on opportunities presented by the rapidly growing Indian media and entertainment sector.

234. These statements were materially false and misleading when made because, although Defendants knew (or recklessly disregarded) the truth, they failed to disclose that:

- (a) Techzone's existing users, and Eros Now's potential market in general, could not and were not meaningfully using Eros Now's movies-on-demand services;
- (b) Defendants had no reasonable basis to believe that a material number of Techzone users would become users of Eros Now's movies-on-demand services, let alone would be monetized by becoming Eros Now subscribers;
- (c) WAP technology did not support Eros Now's movies-on-demand services; and
- (d) the Eros Now service, which was presented by the Company and accepted by analysts and the investing public as a crucial key to Eros's positioning for growth and profitability, had already suffered and continued to suffer disappointing rates of downloads, subscriptions, and adoption.

Fiscal Q1 2015 Financial Statements

235. On September 25, 2014, Eros filed a Form 6-K with the SEC, signed by Deshpande and Heffernan, that set forth the Company's financial statements for the first quarter

of fiscal 2015, which ended June 30, 2014. The financial statements reaffirmed Eros's prior statement that the Company had revenue of \$45.36 million for the quarter.

236. Among other things, these financial statement set forth information about the Company's revenues and film releases, stating in relevant part:

[W]e have aggregated rights to over 2,300 titles in our library, plus approximately 700 additional films for which we hold digital rights only, including recent and classic titles that span different genres, budgets and languages, and ***we have distributed a portfolio of over 220 new films over the last three completed fiscal years and nine in the three months ended June 30, 2014.***

237. These statements were materially false and misleading when made because, although Defendants knew (or recklessly disregarded) the truth, they failed to disclose that Eros had not, in fact, distributed 220 films over the prior three fiscal years or nine in the most recent quarter, but rather a substantially smaller number.

Fiscal Q2 2015 Results Press Release

238. On November 12, 2014, Eros issued a press release setting forth the Company's results of operations for the Company's second quarter of fiscal 2015, which ended September 30, 2014. The press release was subsequently furnished to the SEC as Exhibit 99.1 to a Form 6-K filed on November 12, 2014.

239. As part of this press release, Eros reported revenues of \$49.9 million for the quarter. In connection with this press release, Deshpande stated in part:

Our second quarter results reflect the continued execution of our strategy to invest in high quality film content and to diversify our film slate by increasing our emphasis on regional language films. ***We are successfully distributing our films globally and monetizing them across both traditional and rapidly growing emerging distribution channels. Our ErosNow online service is gaining traction and we are bringing on additional free and premium subscribers.*** A new mobile app for ErosNow will also be launched before the end of the year, and ***we expect that our***

Techzone acquisition will help to galvanize our mobile monetization strategy.

240. Later that same day, prior to the market session, Eros hosted a conference call for analysts and investors to discuss the Company's fiscal Q2 2015 results. During that call, Deshpande, as part of prepared remarks, stated in part:

[W]e will ***build and grow our digital division that will not only capture the value of ErosNow, the Netflix meets Hulu meets Spotify meets iTunes of Indian content***, but it will also develop other collaborations to unlock the value of our intellectual property rights such as gaming where we license our movie characters and with minimal or no investment develop further avenues growth in revenues and profitability.

241. During the following question-and-answer session, Deshpande engaged in the following exchange:

[Analyst]: [T]he last question I have is ***when do you expect ErosNow to start contributing in terms of revenue?***

Deshpande: ***It is already contributing to revenue***, but what we want is for us to now maximize the reach. So our short-term objective is mainly to get as many people to download the ErosNow app. We're launching a new app this December, a new refreshed ErosNow app for Android, iPhone, all the different platforms. And we want to integrate the billing platform for the app with our Techzone acquisition such that people don't have to really put in their credit cards and go through a laborious way of paying for content. . . . [W]e are ***very close to starting to get some traction and some big numbers in terms of reach.***

242. These statements were materially false and misleading when made because, although Defendants knew (or recklessly disregarded) the truth, they failed to disclose that:

(a) Techzone's existing users, and Eros Now's potential market in general, could not and were not meaningfully using Eros Now's movies-on-demand services;

(b) Defendants had no reasonable basis to believe that a material number of Techzone users would become users of Eros Now's movies-on-demand services, let alone would be monetized by becoming Eros Now subscribers;

(c) the Company's Eros Now distribution channel was not, in fact, growing rapidly, but rather had already suffered and continued to suffer disappointing rates of downloads, subscriptions, and adoption;

(d) comparisons of the Company's Eros Now service to Netflix, Hulu, Spotify, or iTunes were inappropriate given the strong, monetizable, organically grown user bases of those services, compared to Eros Now's small, stagnant user base, which was derived in substantial part from the acquisition of Techzone;

(e) as of November 12, 2014, the Company's Eros Now service had not generated meaningful revenues.

Fiscal Q3 2015 Results Press Release

243. On February 17, 2015, Eros issued a press release setting forth the Company's results of operations for the Company's third quarter of fiscal 2015, which ended December 31, 2014. The press release was initially furnished to the SEC as Exhibit 99.1 to a Form 6-K filed on February 17, 2015. The same press release was later furnished to the SEC as Exhibit 99.1 to a Form 6-K filed on February 19, 2015.

244. As part of this press release, Eros reported revenues of \$100.4 million for the quarter. In connection with this press release, Kishore Lulla stated in part:

We are leveraging our large content library, global distribution network and market strength to ***sustain solid growth and momentum across*** our three strategic verticals – filmed entertainment, pay television, and ***digital***. We are also beginning to explore additional opportunities to enter the pay television market with Hindi movie and Hindi music channels to take a share of the approximately 140 million pay television subscribers in

India today. ***Growing the ErosNow user base worldwide remains a top priority for us, and we expect that our announced proposed acquisition of Universal Power Systems Private Limited (“Techzone”) will give us the momentum to continue to grow this business and increase shareholder value over the long-term.***

245. Deshpande stated in part:

Our solid performance in the third quarter and year to date demonstrates the strength of our strategy of investing in high quality Indian film content and ***our ability to monetize that content across various distribution platforms*** in India and globally. ***We believe our ErosNow platform is also scaling well, surpassing 14 million registered users this quarter.***

246. The press release went on to discuss certain operational results:

ErosNow, the Company’s dedicated online entertainment platform offering full length movies, music, music videos and television shows ***now has over 14 million registered users worldwide with a combination of free, transactional and premium users, across all its platforms. Just over 10 million of these customers are mobile users in India.***

247. Later that same day, prior to the market session, Eros hosted a conference call for analysts and investors to discuss the Company’s fiscal Q3 2015 results. During that call, Deshpande stated in part:

Now to the part that we are very excited about. ***ErosNow is mapping a remarkable growth trajectory*** as it continues to expand its reach through various strategic collaborations. I promised you some numbers on the last call, so here they are.

We are pleased to announce that ErosNow has over 14 million registered users worldwide, which comprises of free, transactional, and premium users. Out of this, just ***over 10 million are mobile users***, mainly transactional WAP users in India, ***who we were able to successfully convert through our Techzone relationship.***

* * *

The strategy is also to systematically upsell the benefits of the premium offering through the free and transactional fees. ***With over 860 million mobile subscribers in India and 25% of them***

smartphone users, we are excited about the prospects this holds for ErosNow.

248. During the question-and-answer session, Deshpande engaged in the following exchange:

[Analyst]: I know you guys said that the premium subs are less than 1% of the 14 million users, but how many of the 14 million users have made a transaction?

And any color on downloads would help?

Deshpande: Basically, *the 10 million-plus subs are transaction users and they would have made some transaction* or the others since they have been registered users of our platform. The way transaction users do is they have micropayments. They have like a prepaid account with their telco and they'll dip in and dip out and it is not a large sum.

They can take—buy something for 2 rupees. They can buy something for 10 rupees. They can buy something for 15 rupees. It can be a white paper. It can be a piece of music or it can be a ring tone. Typically, they are mobile WAP users who access the site through their browser.

So a large number of them would have made some transaction or the other, some value. But they are not regularly monthly subscribers. They pay as you go.

* * *

[Analyst]: How exactly were you guys able to ramp up so quickly on the user side? Can you walk us through . . . integrating Techzone, and the marketing push that you made for ErosNow over the last few months?

Deshpande: That is a great question. . . .

The Techzone conversion, basically, they have over 40 million registered users already on their system. So *we systematically market it to them* since our relationship began with them. This is now actually over a year ago, so I think last we spoke about Techzone was last November and now it's over a year ago.

So *we systematically work with them in marketing our service to their subscribers and getting them to convert* as free registered users first. And then although subscribers that came from their

system already had billing integration in place, so if they wanted to transact, it is seamless. So *it's a two-step process once you get them to be registered users of ErosNow and then they transact* their Techzone back in is seamlessly integrated.

* * *

[Analyst]: How many users have actually downloaded the app on the Android and the iOS platform, of the 14 million—well, really 4 million?

Deshpande: Basically, we are—most of these are WAP users, out of the 14 million. Like [arlo], give us time to launch our new Android and iOS app in the next couple of weeks, then we'll try and give more color.

But we want to try and avoid giving too much granular information, because our ideas—*doesn't matter where they come from, whether they're WAP, app, or direct Internet users*. We want to convert or we want to try and monetize the registered—the base through ads, so the traffic is being monetized through ads. And *the upsell to a small base of premium customers and the transactionals, of course, dip in and dip out, based on topical content*. So it is too early to start talking about app numbers.

249. These statements were materially false and misleading when made because, although Defendants knew (or recklessly disregarded) the truth, they failed to disclose that:

(a) Eros Now did not, in fact, have 14 million viable “registered users,” but rather a materially smaller figure;

(b) Eros Now’s “registered users,” acquired from Techzone or otherwise, could not meaningfully use, and were not meaningfully using, Eros Now’s movies-on-demand services;

(c) the acquisition of Techzone was not providing the sharp increase in momentum to the growth of the Eros Now user base in a meaningful way, but rather was based on a misleading inclusion of low-quality Techzone accounts into the Eros Now user figures

despite the fact that these Techzone accounts could not offer the type of growth that the Company indicated they could;

(d) Defendants had no reasonable basis to believe that a material number of Techzone users would become users of Eros Now's movies-on-demand services, let alone would be monetized by becoming Eros Now subscribers;

(e) the Company's Eros Now distribution channel was not, in fact, growing rapidly, but rather had already suffered and continued to suffer disappointing rates of downloads, subscriptions, and adoption; and

(f) the distinction between users accessing Eros Now through WAP, the Eros Now app, or over the internet did, in fact, present a crucial difference because WAP did not provide access to Eros Now's movies-on-demand services or other meaningful, monetizable transactions.

Fiscal Q2 2015 Financial Statements

250. On May 12, 2015, Eros filed a Form 6-K with the SEC, signed by Deshpande and Heffernan, that set forth the Company's financial statements for the second quarter of fiscal 2015, which ended September 30, 2014. The financial statements reaffirmed Eros's prior statement that the Company had revenue of \$49.9 million for the quarter.

251. Among other things, these financial statements set forth information about the Company's revenues and film releases, stating in relevant part:

Revenue increased by 13.4% to \$49.9 million in the three months ended September 30, 2014, compared to \$44.0 million in the three months ended September 30, 2013. For the six months ended September 30, 2014, revenue increased by 12.1% to \$95.3 million, compared to \$85.0 million in the six months ended September 30, 2013. ***Eros released 30 films in the six months ended September 30, 2014***, compared to 26 films in the six months ended September 30, 2013

The section went on to tabulate the Company's film releases, noting that Eros had released 21 new films in the three-month period ending September 30, 2014.

252. These statements were materially false and misleading when made because, although Defendants knew (or recklessly disregarded) the truth, they failed to disclose that Eros had not, in fact, released 21 films in the most recent quarter, but rather a substantially smaller number.

Fiscal Q3 2015 Financial Statements

253. On May 14, 2015, Eros filed a Form 6-K with the SEC, signed by Deshpande and Heffernan, that set forth the Company's financial statements for the third quarter of fiscal 2015, which ended December 31, 2014. The financial statements reaffirmed Eros's prior statement that the Company had revenue of \$100.4 million for the quarter.

254. Among other things, these financial statement set forth information about the Company's revenues and film releases, stating in relevant part:

Revenue increased by 15.1% to \$100.4 million in the three months ended December 31, 2014, compared to \$87.2 million in the three months ended December 31, 2013. For the nine months ended December 31, 2014, revenue increased by 13.6% to \$195.7 million, compared to \$172.2 million in the nine months ended December 31, 2013. ***Eros released 13 new films in the three months ended December 31, 2014***, of which there were three high budget films, compared to 15 films in the three months ended December 31, 2013, of which three were high budget films. ***Eros released 43 new films in the nine months ended December 31, 2014***, compared to 41 in the nine months ended December 31, 2013

255. These statements were materially false and misleading when made because, although Defendants knew (or recklessly disregarded) the truth, they failed to disclose that Eros had not, in fact, released 13 films in the most recent quarter or 43 films over the prior three quarters, but rather a substantially smaller number.

Fiscal Q4 and FY 2015 Results Press Release

256. On June 10, 2015, Eros issued a press release setting forth the Company's results of operations for the Company's fiscal fourth quarter and full year of 2015, which ended March 31, 2015. The press release was subsequently furnished to the SEC as Exhibit 99.1 to a Form 6-K filed on June 12, 2015.

257. As part of this press release, Eros reported revenues of \$88.5 million and \$284.2 million for the quarter and the fiscal year respectively. In connection with this press release, Deshpande stated in part:

Our pre-launch phase of ErosNow has been very successful with 19 million registered users globally, up 35.7% from the 14 million users we announced in February 2015. This increase has occurred during a period when the Company hasn't even officially launched our marketing campaign, which will kick off this July around the latest exclusive movie premieres (pre-television, post-theatrical window), as well as our original shows. We believe the combination of being an early mover, our unique studio assets, and the high market share of our extensive library positions us to be the leading player in the Indian digital entertainment industry.

258. The press release went on to discuss the Company film release performance and the growth in Eros Now registrations:

We released 65 films in fiscal 2015, of which 44 were Hindi language films and the remaining films were Tamil and other regional languages, as compared to 69 films in fiscal 2014, of which 37 were Hindi language films and the remaining films were Tamil and other regional languages.

* * *

ErosNow, the Company's dedicated online entertainment platform offering full-length movies, music, music videos and television shows, now has over 19 million registered users worldwide, consisting of free, transactional and premium users, across all its platforms.

* * *

Revenue increased by 39.8%, or \$25.2 million, in the three months ended March 31, 2015, compared to \$ 63.3 in the prior year period. For fiscal year 2015, revenue increased 20.7% to \$284.2 million, compared to \$235.5 million in fiscal year 2014. ***Eros released 22 new films in the three months ended March 31, 2015***, of which one was high budget film and four were medium budget films, compared to 29 new films in the prior year period, of which two were high budget films and three were medium budget films. ***Eros released 65 new films in the twelve months ended March 31, 2015***, of which six were high budget films and 12 were medium budget films, compared to 69 in the twelve months ended March 31, 2014

259. Later that same day, prior to the market session, Eros hosted a conference call for analysts and investors to discuss the Company's fiscal Q4 and full year 2015 results. During that call, Deshpande, as part of prepared remarks, stated in part:

Our prelaunch phase of ErosNow has been very successful, with 19 million registered users globally, up 35.7% from the 14 million registered users we announced in Feb 15. Our official launch marketing campaign will kick off this July and use the latest exclusive movie premieres like Tanu Weds Manu Returns and our original shows as marketing pegs.

We have an unparalleled content offering comprising of movies, music videos, catch-up television and originals. We have sophisticated product features and strong distribution deals. And along with our first mover advantage, ***we believe we are well positioned to be the leading player to capture the growth within the Indian digital entertainment industry globally.***

260. During the question-and-answer session, Deshpande engaged in the following exchange:

[Analyst]: Maybe shifting to ErosNow then, I wanted to ask about marketing and churn, what marketing channels are you going to use? What is the cost going to be over the next few quarters? And would you expect churn looking like say an HBO or Netflix in the US or something higher? And do you expect the price point of ErosNow premium to change based on churn or feedback?

Deshpande: So as of now, I think we should set the objective. ***The objective is to [land grab]. So we've managed to get 19 million registered users organically*** which is staggering and it has

surpassed our own internal expectations. And when we say marketing, we're not going to spend millions and millions of dollars.

* * *

[Analyst]: [O]n ErosNow, *clearly the most interesting topic here*, I think, just some numbers questions first off. You mentioned 19 million registered users, is that a global figure, because I think I saw on your India subsidiary release you mentioned 14 million. So I wonder it was 14 million India and 19 million globally perhaps?

Deshpande: So 19 million *subs* is a global number. We had not actually updated the number during the India earnings call. We had stuck to the 14 million that we've said earlier. But out of this, around 15.5 million or just over 15 million *subs* are—sub registered users are India and just over 3.5 million are outside of India. *So we're picking up a lot of registered users from India.*

261. These statements were materially false and misleading when made because, although Defendants knew (or recklessly disregarded) the truth, they failed to disclose that:

(a) Eros Now did not, in fact, have 19 million viable “registered users,” but rather a materially smaller figure;

(b) Eros Now’s “registered users,” acquired from Techzone or otherwise, could not meaningfully use, and were not meaningfully using, Eros Now’s movies-on-demand services;

(c) Defendants had no reasonable basis to believe that a material number of Techzone users would become users of Eros Now’s movies-on-demand services, let alone would be monetized by becoming Eros Now subscribers;

(d) Eros Now had not been successful, but rather had already suffered and continued to suffer disappointing rates of downloads, subscriptions, and adoption;

(e) the Company had not, in fact, released 22 films in the prior quarter or 65 in the prior fiscal year, but rather a significantly smaller number;

Annual Report on Form 20-F for Fiscal 2015

262. On July 8, 2015, Eros filed the Company's Annual Report on Form 20-F for fiscal 2015, which ended March 31, 2015. The Form 20-F was signed by Deshpande.

263. The Company's 2014 Annual Report stated in part:

Certain information regarding our initial distribution rights to films initially released in the three fiscal years ended March 31, 2015, 2014 and 2013 is set forth below:

	Year ended March 31,		
	2015	2014	2013
Global (India and International)			
Hindi films	30	23	16
Regional films (excluding Tamil films)	—	3	3
Tamil films	6	8	3
International Only			
Hindi films	15	14	14
Regional films (excluding Tamil films)	1	—	—
Tamil films	13	21	38
India Only			
Hindi films	—	—	—
Regional films (excluding Tamil films)	—	—	—
Tamil films	—	—	3
Total	65	69	77

* * *

With 944 million mobile subscribers (including over 60 million internet enabled smart phones) in India in 2014, we believe that Techzone will be a strong addition to our Eros Now strategy to increase distribution of content through digital platforms.

264. These statements were materially false and misleading when made because, although Defendants knew (or recklessly disregarded) the truth, they failed to disclose that:

(a) although the Company presented the underperformance of its Eros Now movies-on-demand service as an as-of-yet-unmaterialized risk, the Eros Now service had already suffered and continued to suffer disappointing rates of downloads, subscriptions, and adoption;

(b) Eros Now's "registered users," acquired from Techzone or otherwise, could not meaningfully use, and were not meaningfully using, Eros Now's movies-on-demand services;

(c) Defendants had no reasonable basis to believe that a material number of Techzone users would become users of Eros Now's movies-on-demand services, let alone would be monetized by becoming Eros Now subscribers;

(d) Techzone users could not offer the growth Eros Now required to be viable because Techzone users did not have the means to utilize the Eros Now service in a manner meaningful to Eros or its investors; and

(e) the Company had not, in fact, released 65 films during fiscal 2015, but actually far fewer—approximately 29.

Fiscal Q1 2016 Results Press Release

265. On August 18, 2015, Eros issued a press release setting forth the Company's results of operations for the Company's fiscal first quarter of 2016, which ended June 30, 2015. The press release was subsequently furnished to the SEC as Exhibit 99.1 to a Form 6-K filed on August 18, 2015.

266. As part of this press release, Eros reported revenues of \$50.0 million for the quarter. In connection with this press release, Deshpande stated in part:

I am pleased to report a strong start to Fiscal 2016 with our outstanding box office success and the official marketing launch of *ErosNow*, our leading OTT (over-the-top) entertainment network which now ***has garnered over 26.5 million registered users worldwide as of the end of July.***

267. The press release went on to discuss additional commentary of Eros Now:

Rishika Lulla Singh, CEO [of] Eros Digital [stated], "I am thrilled that *ErosNow has already garnered over 26.5 million registered users as of the end of July*, a 39% growth over the previous quarter, as we have just finished our pre-launch phase, a testament to the strength of the platform. With the launch of our official marketing campaign, ***we are uniquely focused on driving continued subscriber growth through our unique windowing premieres and the distinctive quality of our original shows.*** With an in-house, state-of-the-art technological platform that offers a

world-class consumer experience, along with exclusive and compelling content, I am confident there is vast opportunity for ErosNow going forward.”

268. Later that same day, Eros hosted a conference call for analysts and investors to discuss the Company’s fiscal Q1 2016 results. During that call, Deshpande stated in part:

We are pleased to announce that as of end July, ***ErosNow has 26.5 million registered users worldwide***, which comprises of three transactional and premium users, a 38% growth to the numbers that we previously announced.

* * *

We are at an inflection point where we can combine our internal strengths of strong balance sheet, library, and globalist distribution network, and the ErosNow first-mover advantage with the prolific growth in the traditional and emerging distribution platforms within India to significantly increase our profitability as well as shareholder value in the times to come.

269. Parameswaran stated in part:

The mix of the revenues were approximately 66% of the revenues were attributable to India, 33–34% were attributed to the rest of the world. ***Given the continued success of ErosNow, growing registered users over 89% from 14 million registered users in February 2015 to over 26.5 million today***, we expect a shift in revenue mix over time.

Unless we opportunistically decide to spend an additional amount on furthering our slate, ErosNow, or libraries, ***we are on track to be free cash flow positive by the end of fiscal 2016.***

Overall, the business is off to a strong start to the fiscal year and we are excited for the opportunities that lay ahead for our business. We have an impressive slate of films on tap for this coming year and ***the recent official launch of ErosNow gives us great confidence in the strength of the business going forward.***

270. During the following question-and-answer session, Deshpande engaged in the following exchange:

[Analyst]: [T]he 26.5 million ErosNow subs I think puts you well on your way to your targets and so, from a subscriber acquisition

perspective or a cost perspective, has it increased over the last quarter compared to a couple of quarters ago? And does the acceleration of the subs allow you to attempt to monetize the subs sooner?

Deshpande: Yes, I think it's a combination of factors. You see we sort of give the update from three months ago during the last results, as of that date, and now we are giving you as of July. So *we've had the benefit of a couple of weeks of post-marketing to see what the trend is and we can see a pronounced difference post-marketing as well. So we think we have tailwinds behind us, momentum behind us, to get the user base to a very large number.*

271. These statements were materially false and misleading when made because, although Defendants knew (or recklessly disregarded) the truth, they failed to disclose that:

- (a) Eros Now did not have over 26.5 million viable registered users;
- (b) Eros Now's "registered users," acquired from Techzone or otherwise, could not meaningfully use, and were not meaningfully using, Eros Now's movies-on-demand services;
- (c) Eros Now was not providing a first-mover advantage nor prolific growth, and it could not serve as a meaningful source of significantly increased profitability because user growth was not in fact occurring at the necessary rate;
- (d) the Company was not on track to be cash-flow positive by the end of fiscal 2016 because Eros Now could not offer the necessary revenue growth due to its weak user base;
- (e) the then-current state of Eros Now was not a rational basis for confidence in the Company's business going forward because Eros Now was not generating organic user growth, but rather required the misleading inclusion of a growing number of Techzone users to demonstrate apparent growth.

Media, Communications & Entertainment Conference Presentation

272. On September 10, 2015, Parameswaran participated in an investor conference sponsored by Bank of America Merrill Lynch. Parameswaran stated in part:

So we have three basic businesses. We have a theatrical and distribution business where *we release 65 to 70 films a year*, which is obviously a little different than the Hollywood model of 15 films a year. . . .

[O]ur third business, which everyone seems to be excited about, including myself and management is Eros Now, which is our digital OTT platform in India. Many have compared it to the Netflix of India.

* * *

We have 26.5 million registered users today. We've grown that from 19 million the quarter before that and 14 million the quarter before that. So we are seeing a lot of growth.

* * *

[W]e feel pretty good about the position we are in. Especially with Eros Now, because when you think about *how we are monetizing* or going to be monetizing *our registered user base*, both on a monthly subscription, a weekly subscription, per transaction, *i.e.* per episode, but also *quite frankly we're doing a lot of data analytics*, we will be able to figure out from a digital advertising perspective how to actually go right to a user.

273. During the question-and-answer session, Parameswaran engaged in the following exchange:

[Analyst]: I know we recognize the valuation of Eros Now is really about where we are going, not where we are today. *But 26.5 million registered users, that's a significant base of people interacting with the service.* So what can you tell us about the current subscriber base today?

Parameswaran: [S]ome of it we haven't published yet or we haven't publicly announced yet. But of *our 26.5 million users, which is growing fast, we obviously want to get it to 40 million* by this year-end. We want to get it to 100 million over the next three to five years. We think that over time, we can, as I mentioned,

monetize our entire registered user base over some way, manner or form.

274. These statements were materially false and misleading when made because, although Defendants knew (or recklessly disregarded) the truth, they failed to disclose that:

(a) Eros Now did not have 26.5 million viable registered users;

(b) Eros Now's "registered users," acquired from Techzone or otherwise, could not meaningfully use, and were not meaningfully using, Eros Now's movies-on-demand services;

(c) The Company's Eros Now user base was not "growing fast," but rather appeared to be growing because of the Company's practice of improperly counting "users" whom Defendants knew were technologically incapable of using Eros Now's movies-on-demand services and whom Defendants had no reasonable basis to believe would become users of such services, let alone would be monetized by becoming paying subscribers;

(d) the Company was not monetizing this registered user base in a meaningful way; and

(e) the Company did not, in fact, release between 65 and 70 films per year, but rather materially fewer.

Investor Day Presentation

275. On October 13, 2015, Eros hosted its Investor Day during which Deshpande, Kishore Lulla, and Parameswaran offered prepared statements and responded to questions.

276. As part of his prepared remarks, Kishore Lulla stated in part:

[T]hat is the whole game plan of the Eros for the future. We are going to stick to production, content – so if you look at the two divisions of Eros, one is content. One is the ErosNow. ***We will scale up movies from 65.*** In the next 5 to 10 years, you could see up to 100 to 200 movies coming out of Eros because we want to

gain that market share of the 1,200 films being produced into India.

277. As part of her prepared remarks, Deshpande stated in part:

[W]e go back to the central theme of content. ***We do about 60 to 70 films each year—65 to 70 films.*** We like to call it our portfolio of new films, which is made up of all types of budgets, 7 or 8 high budget releases, 15 to 20 medium budget releases, and the rest of them smaller budget releases.

278. As part of her prepared remarks, Rishika Lulla Singh, CEO of Eros Digital, stated:

ErosNow again is poised to take over with an addressable market of 1.2 billion in India; 400 million in the South, South and Southeast Asia; just under 1 million in Australasia; 16 million in the Middle East; 5 million in Europe; and 6.5 million in continental America. That gives us a global footprint of 1.6 billion. And just to illustrate how powerful that is, that is one-fourth of humanity that cannot escape from the world of ErosNow.

* * *

Now, just a couple of thoughts that I'd like to leave you with today before ErosNow has had its time in the limelight. . . . ***[W]e have a first mover advantage, a rapidly growing user base already at 30 million.*** Again, another high barrier to entry for any other player that wants to enter the market.

279. As part of his prepared remarks, Parameswaran stated in part:

Our business model. So let's go into some of the theatrical production. ***So last year, we did 65 films.*** We are indicating we are doing 65 films this year. High, medium and low, I think we've given some indications.

* * *

ErosNow. So, we've talked a lot about ErosNow today, and I think hopefully people have a very good feeling about not only the content, the data analytics, how we think about the world, how we think about monetization, how we think about subscriber or registered user growth. So, the good news here, again, just pulling it all together, you basically have 1.2 billion Indians. You have 45

million ultra-wealthy Indians in India, 300 million middle-class, the same purchasing power parity here as the US, and then you have a lot of poor people as well. But as Kishore has mentioned earlier in the presentation, it's about movies, religion and cricket. ***So when you think about that, you think even if somebody is only making \$10 a month, they will spend \$3 to go see a movie.***

4G, we've talked about that coming out. When you think about our opportunity—so ***today we announced we have over 30 million registered users***. That is significant by any standard. Given the data analytics and I think Kharn went into deep detail on some of the data analytics that we are running, we are going to find a way to monetize our user base.

280. During the question-and-answer session, Deshpande engaged in the following exchanges:

[Unidentified Audience Member]: Could you talk a little bit about the broadband market in India a little bit more and to what extent you see that as a constraint on the growth of ErosNow? And how do you see the evolution of the users in terms of using it on Wi-Fi networks in their homes via broadband versus wireless networks as 4G gets rolled out?

Deshpande: So, I think we talked about this, that ***the numbers are so low***, even in terms of Internet penetration at 19% and broadband penetration under 10%, that ***the only way it can go is up***. . . .

So I think ***the problem is the opportunity***. . . . ***So I think we are well-placed. The opportunity is real, and we are well-placed to take advantage of it.***

281. These statements were materially false and misleading when made because, although Defendants knew (or recklessly disregarded) the truth, they failed to disclose that:

(a) Eros Now's "registered users," acquired from Techzone or otherwise, could not meaningfully use, and were not meaningfully using, Eros Now's movies-on-demand services;

(b) the Company and its Eros Now service were not, in fact, well positioned to take advantage of the growing penetration of smartphone technology and broadband mobile

internet access because the Company had artificially inflated its “registered user” metric by improperly counting “users” whom Defendants knew were technologically incapable of using Eros Now’s movies-on-demand services and whom Defendants had no reasonable basis to believe would become users of such services, let alone would be monetized by becoming paying subscribers;

(c) the Company’s Eros Now service did not give the Company a first-mover advantage because the Eros Now service had suffered and continued to suffer from poor organic adoption rates while the Company artificially inflated Eros Now user figures; and

(d) the Company did not, in fact, release between 65 and 70 films per year, but rather materially fewer.

OTT Service Registered Users Press Release

282. On October 16, 2015, prior to the trading session, Eros issued a press release announcing that the Company’s Eros Now service had reached a milestone, noting in part:

EROS INTERNATIONAL’S OTT SERVICE EROSNOW CROSSES 30 MILLION REGISTERED USERS AS OF SEPTEMBER 30, 2015

London, UK – October 16, 2015 – Eros International Plc (NYSE: EROS) (“Eros”), a leading global company in the Indian film entertainment industry, announced at its recent investor day held on October 13, 2015 that ***its rapidly growing OTT service ErosNow has more than 30 million registered users worldwide as of September 30, 2015.***

Previously announced registered users for ErosNow were: 14 million as of December 31, 2014; 19 million as of March 31, 2015; and 26.5 million as of July 31, 2015. Registered users were 23.8 million as of June 30, 2015, a growth of 25% as compared to March 31, 2015. The 30 million registered users for ErosNow represents an approximately 26% increase as compared to June 30, 2015; and an approximately 58% increase as compared to March 31, 2015.

283. The press release was subsequently furnished to the SEC as Exhibit 99.1 to a Form 6-K filed on October 19, 2015.

284. These statements were materially false and misleading when made because, although Defendants knew (or recklessly disregarded) the truth, they failed to disclose that:

(a) Eros Now did not, in fact, have more than 30 million viable “registered users”;

(b) Eros Now’s “registered users,” acquired from Techzone or otherwise, could not meaningfully use, and were not meaningfully using, Eros Now’s movies-on-demand services; and

(c) the Company had artificially inflated Eros Now’s “registered user” count by improperly counting “users” whom Defendants knew were technologically incapable of using Eros Now’s movies-on-demand services and whom Defendants had no reasonable basis to believe would become users of such services, let alone would be monetized by becoming paying subscribers.

Eros’s Defensive Press Release

285. On November 2, 2015, prior to the trading session, Eros issued a press release titled “Eros International Reinforces Positive Business Fundamentals and Provides Detailed Response to Strongly Refute Anonymous Allegations.”

286. The press release was subsequently furnished to the SEC as Exhibit 99.1 to a Form 6-K filed on November 3, 2015.

287. This press release sought to refute claims that the Company had systemically misrepresented a number of crucial metrics, including the strength and value of Eros Now. The press release stated in part:

The 30 million registered users reported by ErosNow as of 30th September 2015 are a combination of web, WAP and APP users. Due to the leverage it got from its acquisition of Techzone, a mobile value added services provider in India, a large part of ErosNow users are currently mobile users. The majority of the equity research analysts that cover the Company have not factored any meaningful revenues for ErosNow before FY2017, so the swing from a billion dollar valuation to zero valuation for that business within a span of few days is puzzling indeed.

288. These statements were materially false and misleading when made because, although Defendants knew (or recklessly disregarded) the truth, they failed to disclose that:

(a) Eros Now did not, in fact, have 30 million viable “registered users”;

(b) Eros Now’s “registered users,” acquired from Techzone or otherwise, could not meaningfully use, and were not meaningfully using, Eros Now’s movies-on-demand services; and

(c) the Company had artificially inflated the “registered user” count by improperly counting “users” whom Defendants knew were technologically incapable of using Eros Now’s movies-on-demand services and whom Defendants had no reasonable basis to believe would become users of such services, let alone would be monetized by becoming paying subscribers.

IX. LOSS CAUSATION

289. The market prices of Eros common stock were artificially inflated by the material misstatements and omissions complained of herein. The artificial inflation in Eros’s stock prices was removed when the conditions and risks misstated and omitted by Defendants were revealed to the market or the risks concealed by Defendants materialized, causing investors’ losses.

290. The information was disseminated through several partial disclosures, on October 23, October 30, and November 10, 2015, and fully disseminated on November 13, 2015. These

disclosures, more fully described above, reduced the prices of Eros's publicly traded securities, causing economic injury to Lead Plaintiff and other members of the Class.

291. None of the partial disclosures was sufficient on its own to fully remove the inflation from the prices of Eros's publicly traded securities, because each only partially revealed the conditions and risks misstated and omitted by Defendants or the risks Defendants concealed.

292. The corrective impact of the partial disclosures alleged above was tempered by Defendants' continued misstatements and omissions. These continued misrepresentations continued to maintain the prices of Eros's publicly traded securities at levels that were artificially inflated, inducing members of the Class to continue purchasing Eros securities even after truth began to partially enter into the market or the concealed risks began to materialize. Further price declines that caused additional injury to the Class occurred upon the further disclosure of additional information or materialization of concealed risks.

X. THE STATUTORY SAFE HARBOR AND BESPEAKS CAUTION DOCTRINE ARE INAPPLICABLE

293. The statutory safe harbor and bespeaks caution doctrine applicable to forward-looking statements under the Private Securities Litigation Reform Act of 1995 do not apply to the misrepresentations and omissions alleged in this Complaint.

294. None of Defendants' historic or present-tense statements alleged herein was a forward-looking statement because none was an assumption underlying or relating to any plan, projection, or statement of future economic performance, as they were not stated to be such assumptions underlying or relating to any projection or statement of future economic performance when made, nor were any of the projections or forecasts made by Defendants expressly related to, or stated to be dependent on, those historic or present-tense statements when made.

295. To the extent that any of the materially false or misleading statements alleged herein, or any portions thereof, can be construed as forward looking, these statements were not accompanied by meaningful cautionary language identifying important facts that could cause actual results to differ materially from those in the statements. As set forth above in detail, given the then-existing facts contradicting Defendants' statements, the generalized risk disclosures made by Defendants were not sufficient to insulate Defendants from liability for their materially false and misleading statements.

296. Defendants are also liable for any false and misleading forward-looking statement alleged herein, or portion thereof, because at the time each forward-looking statement was made, the speaker knew the forward-looking statement was false or misleading, or the forward-looking statement was authorized or approved by an executive officer of Eros who knew that the forward-looking statement was false.

XI. CLASS ACTION ALLEGATIONS

297. Lead Plaintiffs bring this action on behalf of themselves and as a class action, pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure, on behalf of a Class consisting of all persons and entities that, during the Class Period, purchased or otherwise acquired the publicly traded common stock of Eros and were damaged thereby. Excluded from the Class are Defendants, present and former executive officers of Eros, members of Eros's Board of Directors, and members of their immediate families (as defined in 17 C.F.R. § 229.404, Instructions (1)(a)(iii) and (1)(b)(ii)); Eros's subsidiaries, affiliates, or parent companies, including Eros's employee retirement and benefit plan(s); any entity in which any Defendant has or had a controlling interest; and the legal representatives, heirs, successors and assigns of any such excluded person or entity.

298. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court. Throughout the Class Period, Eros common stock was actively traded on the NYSE. While the exact number of Class members is unknown to Lead Plaintiffs at this time and can only be ascertained through appropriate discovery, Lead Plaintiffs believe that there are at least tens of thousands of members of the proposed Class. As of March 15, 2015, for example, Eros had 31,982,488 shares of publicly held Class A common stock issued and outstanding, owned by tens of thousands of persons. Record owners and other members of the Class may be identified from records maintained by Eros or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

299. There is a well-defined commonality of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class that predominate over questions that may affect individual members of the Class include:

- (a) whether Defendants violated the Exchange Act;
- (b) whether Defendants' statements to the investing public during the Class Period misrepresented or omitted material facts;
- (c) whether Defendants' statements were materially false and misleading or omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;
- (d) whether Defendants knew or recklessly disregarded that

their statements were materially false and misleading;

- (e) whether the prices of Eros publicly traded common stock were artificially inflated due to the misrepresentations and omissions of material fact alleged herein; and
- (f) whether and to what extent Class members sustained damages as a result of the misconduct alleged herein, and the appropriate measure of damages.

300. Lead Plaintiffs' claims are typical of the claims of the members of the Class, as all members of the Class purchased or otherwise acquired Eros common stock during the Class Period and similarly sustained damages as a result of Defendants' wrongful conduct alleged herein.

301. Lead Plaintiffs will fairly and adequately protect the interests of the members of the Class and have retained counsel competent and experienced in class action securities litigation. Lead Plaintiffs have no interests that are adverse or antagonistic to those of the Class.

302. A class action is superior to other available methods for the fair and efficient adjudication of this controversy. Joinder of all members is impracticable. Further, because the damages suffered by individual members of the Class may be relatively small, the expense and burden of individual litigation make it impossible for Class members individually to seek redress for the wrongful conduct alleged herein. Lead Plaintiffs foresee no difficulty in the management of this action as a class action.

XII. LEAD PLAINTIFFS AND CLASS MEMBERS ARE ENTITLED TO A PRESUMPTION OF RELIANCE

303. Lead Plaintiffs and members of the Class are entitled to rely upon the presumption of reliance established by the fraud-on-the-market doctrine in that, among other things:

- (a) Defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- (b) the misrepresentations and omissions were material;
- (c) Eros common stock traded in efficient markets;
- (d) The misrepresentations alleged would tend to induce a reasonable investor to misjudge the value of Eros common stock; and
- (e) Lead Plaintiffs and other members of the Class purchased Eros common stock between the time Defendants misrepresented or failed to disclose material facts and the time the true facts were disclosed or the concealed risks materialized, without knowledge of the misrepresented or omitted facts.

304. At all relevant times, the markets for Eros's common stock and other publicly traded securities were efficient for the following reasons, among others:

- (a) as a registered issuer, Eros filed periodic public reports with the SEC and/or the NYSE;
- (b) Eros regularly communicated with public investors via established market communication mechanisms, including

through regular dissemination of press releases on the major newswire services and through other wide-ranging public disclosures, such as communications with the financial press, securities analysts, and similar reporting services;

- (c) Eros was followed by numerous securities analysts employed by major brokerage firms who wrote reports that were distributed to the sales force and certain customers of their respective brokerage firms, and that were publicly available and entered the public marketplace; and
- (d) Eros common stock met the requirements for listing, and was listed and actively traded, on the NYSE, a highly efficient market, under the ticker symbol “EROS.”

305. As a result of the foregoing, the markets for Eros common stock promptly digested new material information regarding Eros from all publicly available sources and reflected such information in the price of the stock.

306. Under these circumstances, all purchasers of Eros public traded securities during the Class Period suffered similar injury through their purchase of Eros securities at artificially inflated prices, and the presumption of reliance applies.

307. Further, to the extent that Defendants concealed or improperly failed to disclose material facts with regard to the Company and its business, Lead Plaintiffs are entitled to a presumption of reliance in accordance with *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128, 153 (1972).

308. Accordingly, Lead Plaintiffs and other members of the Class did rely and are entitled to have relied upon the integrity of the market prices of Eros common stock and to a presumption of reliance on Defendants' material misrepresentations and omissions during the Class Period.

XIII. CAUSES OF ACTION

COUNT I

Asserted Against Defendant Eros for Violations of Section 10(b) of the Securities Exchange Act of 1934 and SEC Rule 10b-5 Promulgated Thereunder

309. Lead Plaintiffs repeat and reallege each and every allegation contained above as if fully set forth herein. This Count is brought pursuant to Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. § 240.10b-5, on behalf of Lead Plaintiffs and all other members of the Class against Eros.

310. During the Class Period, officers, management, and agents of Eros carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Lead Plaintiffs and other Class members, regarding Eros Now's business, operations, user and subscriber bases, and prospects for generating substantial revenue, Eros's film library and status of films in production and released, and the intrinsic value of Eros securities, as alleged herein; (ii) enable Eros to artificially inflate the price of Eros securities; and (iii) cause Lead Plaintiffs and other members of the Class to purchase Eros securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Eros took the actions set forth herein.

311. Officers, management, and agents of Eros, directly and indirectly, by use of the means and instrumentalities of interstate commerce, the mails, and/or the facilities of a national securities exchange: (i) employed devices, schemes, and artifices to defraud; (ii) made untrue

statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain Eros's artificially inflated securities prices, in violation of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

312. Officers, management, and agents of Eros employed devices, schemes, and artifices to defraud while in possession of material adverse nonpublic information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Eros's value and performance, which included the making of untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, as set forth more particularly herein. Officers, management, and agents of Eros did not have a reasonable basis for their alleged false statements and engaged in transactions, practices, and a course of business which operated as a fraud and deceit upon the purchasers of Eros securities during the Class Period.

313. Eros is liable for all materially false and misleading statements and omissions made during the Class Period, as alleged above, including the materially false and misleading statements and omissions included in press releases, conference calls and SEC filings.

314. Eros is further liable for the materially false and misleading statements made by Eros's officers, management, and agents in press releases and during conference calls and at conferences with investors and analysts, as alleged above, as the maker of such statements and under the principle of respondeat superior.

315. In addition to the duties of full disclosure imposed on Eros as a result of the affirmative statements and reports made by its officers, management, and agents, or participation

in the making of their affirmative statements and reports to the investing public, Eros had a duty to promptly disseminate truthful information that would be material to investors, in compliance with the integrated disclosure provisions of the SEC as embodied in SEC Regulations S-X (17 C.F.R. §§ 210.1-01 *et seq.*) and S-K (17 C.F.R. §§ 229.10 *et seq.*) and other SEC regulations, including truthful, complete and accurate information with respect to Eros Now's business, operations, user and subscriber bases, and prospects for generating substantial revenue, Eros's film library and status of films in production and released, and the intrinsic value of Eros securities, so that the Company's securities prices would be based on truthful, complete and accurate information.

316. The allegations above establish a strong inference that Eros, as an entity, acted with corporate scienter throughout the Class Period, as its officers, management, and agents had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth because they failed to ascertain and to disclose such facts, even though such facts were available to them. Such material misrepresentations and/or omissions were done knowingly or with recklessness, and without a reasonable basis, for the purpose and effect of concealing from the investing public adverse facts regarding Eros Now's business, operations, user and subscriber bases, and prospects for generating substantial revenue, Eros's film library and status of films in production and released, and misstating the intrinsic value of Eros securities. By concealing these material facts from investors, Eros maintained its artificially inflated securities prices throughout the Class Period.

317. In ignorance of the fact that market prices of the Company's publicly traded securities were artificially inflated, and relying directly or indirectly on the materially false and misleading statements made by Eros, or upon the integrity of the markets in which the securities

trade, and/or on the absence of material adverse information that was known to or recklessly disregarded by Eros but not disclosed in public statements by Eros during the Class Period, Lead Plaintiffs and the other members of the Class purchased or acquired Eros's securities during the Class Period at artificially high prices, and were damaged when that artificial inflation was removed from the price of Eros securities.

318. At the time of said misrepresentations and omissions, Lead Plaintiffs and other members of the Class were ignorant of their falsity, and believed them to be true. Had Lead Plaintiffs, the other members of the Class, and the marketplace known the truth regarding Eros Now's business, operations, user and subscriber bases, and prospects for generating substantial revenue, Eros's film library and status of films in production and released, and the intrinsic value of Eros securities, which were not disclosed by Eros, Lead Plaintiffs and other members of the Class would not have purchased or acquired their Eros securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices they paid.

319. By virtue of the foregoing, Eros has violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

320. As a direct and proximate result of Eros's wrongful conduct, Lead Plaintiffs and the other members of the Class suffered damages in connection with their respective purchases and/or acquisitions of Eros securities during the Class Period.

COUNT II

Asserted Against the Individual Defendants for Violations of Section 10(b) of the Securities Exchange Act of 1934 and SEC Rule 10b-5 Promulgated Thereunder

321. Lead Plaintiffs repeat and reallege each and every allegation contained above as if fully set forth herein. This Count is brought pursuant to Section 10(b) of the Exchange Act, 15

U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. § 240.10b-5, on behalf of Lead Plaintiffs and all other members of the Class against the Individual Defendants.

322. During the Class Period, the Individual Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Lead Plaintiffs and other Class members, regarding Eros Now's business, operations, user and subscriber bases, and prospects for generating substantial revenue, Eros's film library and status of films in production and released, and the intrinsic value of Eros securities, as alleged herein; (ii) enable Eros to artificially inflate the price of Eros securities; and (iii) cause Lead Plaintiffs and other members of the Class to purchase Eros securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, the Individual Defendants took the actions set forth herein.

323. The Individual Defendants: (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain Eros's artificially inflated securities prices, in violation of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder. The Individual Defendants are each sued as primary participants in the wrongful and illegal conduct charged herein. The Individual Defendants are also sued as controlling persons of Eros as alleged below.

324. In addition to the duties of full disclosure imposed on the Individual Defendants as a result of their affirmative statements, the Individual Defendants had a duty to promptly disseminate truthful information that would be material to investors, in compliance with the integrated disclosure provisions of the SEC as embodied in SEC Regulations S-X (17 C.F.R. §§

210.1-01 *et seq.*) and S-K (17 C.F.R. §§ 229.10 *et seq.*) and other SEC regulations, including truthful, complete and accurate information with respect to Eros Now's business, operations, user and subscriber bases, and prospects for generating substantial revenue, Eros's film library and status of films in production and released, and the intrinsic value of Eros securities, so that the Company's securities prices would be based on truthful, complete and accurate information.

325. The Individual Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Eros Now's business, operations, user and subscriber bases, and prospects for generating substantial revenue, Eros's film library and status of films in production and released, and the intrinsic value of Eros securities, as specified herein.

326. The Individual Defendants employed devices, schemes, and artifices to defraud, while in possession of material adverse nonpublic information, and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Eros's value and performance, which included the making of untrue statements of material facts and omitting material facts necessary in order to make the statements made about Eros Now's business, operations, user and subscriber bases, and prospects for generating substantial revenue, Eros's film library and status of films in production and released, and the intrinsic value of Eros securities, in light of the circumstances under which they were made, not misleading, as set forth more particularly herein. The Individual Defendants additionally engaged in transactions, practices, and a course of business which operated as a fraud and deceit upon the purchasers of Eros securities during the Class Period.

327. The Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at Eros during the Class Period and members of the Company's management team or had control thereof; (ii) each of the Individual Defendants enjoyed significant personal contact and familiarity with the other Individual Defendants and was advised of and had access to other information about Eros Now's business, operations, user and subscriber bases, and prospects for generating substantial revenue, Eros's film library and status of films in production and released, and the intrinsic value of Eros securities at all relevant times; and (iii) each of the Individual Defendants was aware of the Company's dissemination of information to the investing public that he or she knew or recklessly disregarded was materially false and misleading.

328. The Individual Defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. The Individual Defendants' material misrepresentations and/or omissions were done knowingly or recklessly and without a reasonable basis and for the purpose and effect of concealing adverse facts regarding Eros Now's business, operations, user and subscriber bases, and prospects for generating substantial revenue, Eros's film library and status of films in production and released, and the intrinsic value of Eros securities. By concealing these material facts from investors, the Individual Defendants maintained Eros's artificially inflated securities prices throughout the Class Period.

329. In ignorance of the fact that market prices of the Company's publicly traded securities were artificially inflated, and relying directly or indirectly on the materially false and misleading statements made by the Individual Defendants, or upon the integrity of the markets in

which the securities trade, and/or on the absence of material adverse information that was known to or recklessly disregarded by the Individual Defendants but not disclosed in public statements by the Individual Defendants during the Class Period, Lead Plaintiffs and the other members of the Class purchased or acquired Eros's securities during the Class Period at artificially high prices, and were damaged when that artificial inflation was removed from the price of Eros securities.

330. At the time of said misrepresentations and omissions, Lead Plaintiffs and other members of the Class were ignorant of their falsity, and believed them to be true. Had Lead Plaintiffs, the other members of the Class, and the marketplace known the truth regarding Eros Now's business, operations, user and subscriber bases, and prospects for generating substantial revenue, Eros's film library and status of films in production and released, and the intrinsic value of Eros securities, which were not disclosed by the Individual Defendants, Lead Plaintiffs and other members of the Class would not have purchased or acquired their Eros securities, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices they paid.

331. By virtue of the foregoing, the Individual Defendants have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

332. As a direct and proximate result of the Individual Defendants' wrongful conduct, Lead Plaintiffs and the other members of the Class suffered damages in connection with their respective purchases and/or acquisitions of Eros securities during the Class Period.

COUNT III

**Asserted Against the Individual Defendants for Violations
of Section 20(a) of the Securities Exchange Act of 1934**

333. Lead Plaintiffs repeat and reallege each and every allegation contained above as if fully set forth herein. This Count is brought pursuant to Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a), on behalf of Lead Plaintiffs and all other members of the Class against the Individual Defendants.

334. The Individual Defendants acted as controlling persons of Eros within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, culpable participation in and/or awareness of Eros Now's business, operations, user and subscriber bases, and prospects for generating substantial revenue, Eros's film library and status of films in production and released, and the intrinsic value of Eros securities, as alleged herein, the Individual Defendants had the power to influence and control, and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements that Lead Plaintiffs contend are materially false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Lead Plaintiffs to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

335. In particular, each of the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations alleged herein, and exercised the same.

336. As set forth above, Eros and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Lead Plaintiffs and other members of the Class suffered damages in connection with their purchases of Eros securities during the Class Period.

XIV. PRAYER FOR RELIEF

WHEREFORE, Lead Plaintiffs pray for judgment as follows:

- (a) Declaring this action to be a proper class action pursuant to Rule 23 of the Federal Rules of Civil Procedure;
- (b) Awarding damages to Lead Plaintiffs and the members of the Class against all Defendants, jointly and severally, in an amount to be proven at trial, with interest thereon;
- (c) Awarding Lead Plaintiffs and the Class their reasonable costs and expenses incurred in this action, including attorneys' and experts' fees; and
- (d) Awarding such equitable, injunctive or other relief that the Court may deem just and proper.

XV. JURY DEMAND

Lead Plaintiffs demand a trial by jury of all issues so triable.

Dated: October 10, 2016

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